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Merton Council

Cabinet Agenda

Membership

Councillors:

Stephen Alambritis (Chair)
Mark Allison
Laxmi Attawar
Kelly Braund
Tobin Byers
Caroline Cooper-Marbiah
Edith Macauley MBE
Eleanor Stringer
Martin Whelton

Date: **Thursday 19 September 2019**

Time: **7.15 pm**

Venue: **Committee rooms C, D & E - Merton Civic Centre, London Road, Morden SM4 5DX**

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Cabinet Agenda
19 September 2019

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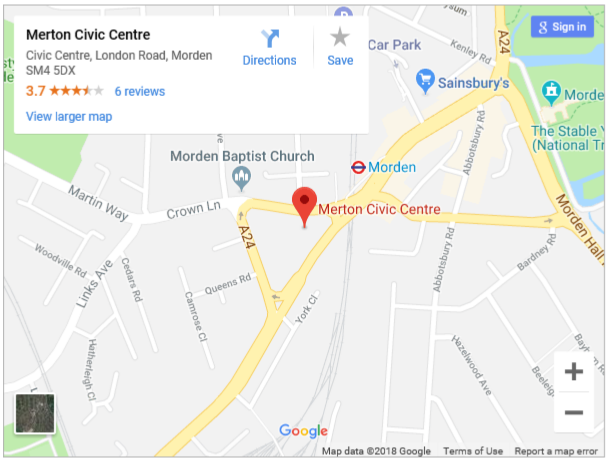

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CABINET
15 JULY 2019

(7.15 pm - 8.46 pm)

PRESENT:	Councillors Martin Whelton (in the Chair), Laxmi Attawar, Kelly Braund, Tobin Byers, Caroline Cooper-Marbiah, Edith Macauley MBE and Eleanor Stringer
ALSO PRESENT:	Councillor Nigel Benbow, Edward Gretton, Daniel Holden, Natasha Irons, Rebecca Lanning, Simon McGrath and Peter Southgate
	Hannah Doody (Director of Community and Housing), Caroline Holland (Director of Corporate Services), Chris Lee (Director of Environment and Regeneration), Rachael Wardell (Director, Children, Schools & Families Department), Paul Evans (Assistant Director of Corporate Governance), Zara Bishop (Senior Communications Officer (Wheelie Bin roll-out)), Tara Butler (Programme Manager - Strategic Policy and Research), Richard Ellis (Head of Adult Commissioning), Cathryn James (Interim Assistant Director, Public Protection), Octavia Lamb (Policy and Research Officer (Labour Group)), Gary Marshall, James McGinlay (Assistant Director for Sustainable Communities), Chelsea Renehan (Participation Manager, Children Schools and Families) and Dr Dagmar Zeuner (Director, Public Health) Louise Fleming (Senior Democratic Services Officer)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

Apologies were received from the Leader and Deputy Leader of the Council. The meeting was chaired by Cabinet Member for Regeneration, Housing and Transport.

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of interest.

3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

RESOLVED: That the minutes of the meeting held on 3 June 2019 are agreed as an accurate record.

The Chair advised that item 8 would be considered first, followed by item 16, due to the number of speakers in attendance, with the remaining items following as listed in the agenda.

For ease of reference, the items are listed below as they appeared in the agenda.

4 REFERENCE FROM THE SUSTAINABLE COMMUNITIES OVERVIEW AND SCRUTINY PANEL – PUBLIC HEALTH, AIR QUALITY AND SUSTAINABLE TRANSPORT - A STRATEGIC APPROACH TO PARKING CHARGES (Agenda Item 4)

At the invitation of the Chair, Councillor Natasha Irons, Chair of the Sustainable Communities Overview and Scrutiny Panel presented the reference report to the Cabinet, giving an overview of the discussion which had taken place at the Panel meeting, highlighting some of the points raised by the speakers, and outlining the recommendations contained in the reference report.

The Cabinet Member for Adult Social Care, Health and the Environment thanked Cllr Irons and the Scrutiny Panel Members and advised that he would address the points made in his presentation on the following item.

RESOLVED:

That the reference made by the Sustainable Communities Overview and Scrutiny Panel as set out in paragraphs 2.9 to 2.13 of the report be taken into account when make decisions on the strategic approach to parking charges.

5 EMISSIONS, PUBLIC HEALTH AND AIR QUALITY A REVIEW OF PARKING CHARGES 4 (Agenda Item 5)

The Cabinet Member for Adult Social Care, Health and the Environment presented the report which set out a strategic approach to parking charges. He thanked the officers involved in the development of the policy and detailed the rationale for the review, which had followed a recommendation in the Council's Air Quality Action Plan, agreed in 2018, to review parking charges as a tool to tackle poor air quality in the borough. Respondents to the consultation as part of the review had agreed that tackling poor air quality was a priority. The issue had recently risen up the national agenda and the Council had approved a cross-party motion to declare a climate emergency at its meeting on 10 July. The Council had limited levers available to tackle emissions and it was important to maximise those levers to encourage increased use of sustainable transport and a shift away from the most polluting vehicles. The Council's Diesel Levy was a way of tackling the latter of the two, and the review of parking charges a way of tackling the former.

The Cabinet Member addressed the criticism around fairness and why proposed charges were higher in certain areas of the Borough. The PTAL rating used to determine levels was an appropriate tool, currently used in assessing the accessibility of public transport in determining planning applications. Often a high PTAL rating would result in some developments being car free due to having better transport links. Following the consultation, several zones in Wimbledon had been reclassified following the a review of their PTAL ratings.

The Cabinet Member advised that this policy was just one part of a wider package of measures that the Council was undertaking, including work being done to tackle idling, the establishment of a clean air zone in Wimbledon town centre, and working with TfL to encourage the introduction of cleaner buses. The Leader of the Council would be writing to TfL to press for more urgency on this last point. However the Cabinet Member was open to hearing from colleagues on additional measures which could be considered.

The Cabinet Member went on to address the points made in the Scrutiny reference report. In relation to transport accessibility, officers were currently talking to TfL on improving step free access across the borough, which the Cabinet Member for Equalities had raised as one of her priorities at the Council meeting on 10 July. The most recent Residents' Survey had showed that residents do rate the current public transport provision in the Borough.

In respect of the impact on the elderly, the Cabinet Member drew the Cabinet's attention to the comprehensive Equality Impact Assessment which had been undertaken. He and the Cabinet Member for Regeneration, Housing and Transport had asked officers to look at work being done by other boroughs on this issue. There were currently a range of measures to address and this would continue to be kept under review should the proposals be agreed.

In respect of the additional evidence requested, the Cabinet Member advised that further work had been carried out since the proposals had first been considered by the Scrutiny Panel in the new year and the recommendation to review the results of the proposals would enable the Council to make minor changes if needed. The measure of success would be decreased air pollution and improved public health, both of which would take some time to become apparent. The Cabinet Member welcomed the suggestion made by the Scrutiny Panel to use TfL data to track public transport usage and this would also be used to monitor impact. On the point made in respect of sustainable travel, the Cabinet Member advised that there was much work underway to address this, including a proposal to introduce floating car clubs, cycle way improvements and looking into the feasibility of a dockless cycle scheme.

At the invitation of the Chair, the Director of Environment and Regeneration reminded Members of their Public Sector Equality Duty, that all public bodies must prevent discrimination and have due regard to the need to consider and apply fairness and equality in carrying out their functions, particularly when making decisions or formulating policy.   He drew Members attention to the updated Equality Impact Assessment (EIA), which had been circulated in advance of the meeting, which contained an analysis of the impact of the proposals on those with protected characteristics under the Equalities Act following a comprehensive consultation process.

The EIA demonstrated both positive, in terms of improved air quality and public health, and negative impacts to some groups in particular those with a disability, socio-economic and pregnancy and maternity. However in light of the mitigation measures set out in the EIA, the impact was assessed to be low and proportionate to the legitimate aim of the policy. Although the EIA had not identified a potential negative impact on the elderly, it was acknowledged that elderly people were more likely to have mobility issues and the EIA referred to mitigation measures already in place or planned.

The Director drew the Cabinet's attention to the Improvement Plan at section 5 of the EIA which set out actions and timescales proposed to be undertaken, including arrangements for free parking for Blue Badge holders in certain bays, dedicated disabled bays and free carer permits. Although residents over 60 qualified for free public transport, it was acknowledged that some of the stations in the Borough were not step free and this was also identified as an issue in the pregnancy and maternity category. Therefore, the Council would continue to lobby both Network Rail and TfL for improvements. It should be noted that the proposals were complimentary to a number of measures already either underway or planned and if approved, the policy would be kept under review and representatives of the affected groups would be consulted with to assess ongoing impact and consider further mitigation. Adjustments would be brought forward for Members' consideration as appropriate.

The Chair thanked the Cabinet Member and the Director for their presentations. As the Cabinet Member for Regeneration, Housing and Transport, he reiterated that one of the aims of the policy was to promote more sustainable forms of transport and the Council would continue to lobby TfL for improvements and funding similar to that awarded to Kingston under the "Mini-Holland" cycle scheme.

In response to questions from the Cabinet, the Director advised that Merton was broadly comparable with the rest of London in terms of air quality, with no area of London having particularly good air quality although there were hot spots where air quality had been especially poor, the example being Putney High Street which had been improved to a limited extent by the measures put in place there.

The Chair thanked all the officers involved from across the Council. He reiterated the climate emergency which the Council was duty bound to address and moved to the recommendations and it was

RESOLVED:

1. That the responses made during the formal consultation process alongside any further references and considerations raised by the Sustainable Communities Overview and Scrutiny Panel be considered.

2. That further to the consultation process, the proposed charges set out in appendix 7 of the Cabinet report, including the following amendments, be agreed:

    i. Controlled Parking Zones: VNE, VNS, VN, VQ, VSW, VSW1, and VSW2, be re-categorised from Tier 1 to Tier 2 (as set out in Appendices 7 d & e of the Cabinet report)
    ii. That off street car parking charges in Queens Road Wimbledon and St Georges car park are reduced from the current £3 flat rate fee from 6.00pm to 11 pm to a £2 flat fee (as set out in Appendix 7 b of the Cabinet report).
    iii. The proposed charges for on street parking in appendix 7 (a) of the Cabinet report are approved.

iv. The proposed charges for off street parking in appendix 7 (b) of the Cabinet report are approved.
v. The proposed charges for Permits set out in appendix 7 (c-f) of the Cabinet report are approved.

3. That authority be delegated to the Director of Environment and Regeneration, in consultation with the Cabinet Member for Regeneration, Housing and Transport, to finalise any operational matters in relation to the implementation of the proposals set out in the Cabinet report.

4. That the changes are introduced with effect from 1st September 2019, or as soon as practicable thereafter.

6 SCRUTINY TASK GROUP REVIEW OF ROAD SAFETY AROUND SCHOOLS (Agenda Item 6)

At the invitation of the Chair, Councillor Peter Southgate, the Chair of the Overview and Scrutiny Commission, and Helen Forbes, Parent Governor Representative and Chair of the Task Group, presented the report giving an overview of the process for gathering evidence and outlined the proposals made by the Task Group.

The Chair thanked the speakers and the Task Group for their contributions. It was acknowledged that road safety around schools was an issue to be addressed, and that work was underway to pilot recommendation 14 in the report. An action plan would be brought forward to a future Cabinet meeting to address levels of car usage around schools and to encourage more sustainable modes of transport.

The Cabinet Member for Schools and Adult Education welcomed the report and advised that she would be talking to schools to get their thoughts on how the Council can support them further and encouraging take-up of the TfL STAR accreditation programme.

The Cabinet welcomed the report and the recommendations made by the Task Group. It was noted that roads around schools in Merton were relatively safe but that the Council can always look to improve.

RESOLVED:

1. That the report and recommendations arising from the scrutiny review of road safety around schools in Merton undertaken by the Overview and Scrutiny Commission, as set out in the Cabinet report, be considered and noted.
2. That the Cabinet response to the recommendations take the form of an action plan, to be drawn up by officers in consultation with the relevant Cabinet Members.
3. That the action plan be reported to a future meeting of the Cabinet for approval prior to submission to the Overview and Scrutiny Commission.

7 TRANSITION FROM CHILDREN'S TO ADULT SERVICES FOR CHILDREN WITH SPECIAL EDUCATIONAL NEEDS AND DISABILITY SCRUTINY TASK

GROUP REPORT. (Agenda Item 7)

At the invitation of the Chair, Councillor Rebecca Lanning, Chair of the Task Group introduced the report, outlining the work of the task group and the recommendations contained in the report.

The Cabinet Member for Children's Services welcomed the report and acknowledged the challenges for those with special educational needs to transition from children to adult services and the Council was committed to working with its partners to ensure that this transition was as smooth as possible. It was acknowledged that the service had some areas for improvement and therefore this review was timely. She suggested that any future task groups of this nature would benefit from involving more young people and user voices in formulating recommendations.

The Cabinet Member for Adult Social Care, Health and the Environment thanked the Chair and Members of the Task Group. He had met with colleagues and discussed the proposals and was happy to recommend to the Cabinet that they be adopted.

The Director of Children Schools and Families advised the Cabinet that the report referred to an independent SEND inspection and that inspection had now taken place. Although the results of the inspection had not been made public, the Director was confident the Council would be able to address all the recommendations made by the Task Group.

RESOLVED:

1. That the report and recommendations arising from the scrutiny review of Transitions from Children's to Adult Services for children with special educational needs and disability, as set out in the Cabinet report, be considered and noted.
2. That the recommendations be implemented through an action plan, to be drawn up by officers in consultation with the relevant Cabinet Members.
3. That the action plan be reported to a future meeting of the Healthier Communities and Older People Scrutiny Panel for consideration.

8 CHILDREN AND YOUNG PEOPLE'S PLAN 2019-23 (Agenda Item 8)

The Cabinet Member for Children's Services introduced the item which set out the refreshed Children and Young People's Plan for 2019-23. She gave some background to the work of the Merton's Children's Trust, which brought together partners across the Borough to set joint priorities for Merton's children and young people. It was felt that the consultation on and construction of the Plan for the next four years should be led by young residents and Young Inspectors to demonstrate the Council's commitment to the young residents. It would also be those young residents who would be scrutinising the action plan and holding the Council accountable for progress against the actions. The Cabinet Member thanked the Youth Participation team and all the young people involved in producing the Plan.

At the invitation of the Chair one of the Young Inspectors, Martin Miranda-Antelo, addressed the Cabinet and talked about the process for consulting on and constructing the Plan. The young people had worked collaboratively with the Policy and Partnerships team and the Children's Trust, and the Plan had been reduced from 64 to 13 pages to make it more accessible to young people. A Borough-wide consultation had taken place with schools and the Merton Youth Parliament giving them an opportunity to voice their concerns and aspirations and comment on the draft plan before presenting it to the Children's Trust Board for consideration. Martin thanked the Cabinet Member and the officers involved for their support in the construction of the Plan.

The Director of Children, Schools and Families advised that the detailed action plan, to be appended to the Plan, would be considered at the Children's Trust shortly.

The Cabinet welcomed the report and the important role that the young people had played in the consultation process.

The Chair thanked all those present for their contributions.

RESOLVED:

That Cabinet recommends the Children and Young People's Plan (CYPP) 2019-23 for adoption by the Council at its meeting on 18 September 2019.

9 MERTON HEALTH AND WELLBEING STRATEGY 2019 - 2024 (Agenda Item 9)

The Cabinet Member for Adult Social Care, Health and the Environment presented the report which set out a refreshed Health and Wellbeing Strategy for 2019-2014. He thanked the officers for their work on the Strategy and outlined the work carried out and the recommendations.

RESOLVED:

That the Health and Wellbeing Strategy 2019-2014 be approved for publication.

10 INTEGRATED ADULT MENTAL HEALTH SERVICES SECTION 75 AGREEMENT (Agenda Item 10)

The Cabinet Member for Adult Social Care, Health and the Environment presented the report which set out a proposal to renew the arrangements for integrated adult mental health services with South West London & St George's Mental Health NHS Trust (the Trust), which had received good feedback from users. The Cabinet Member thanked the officers involved and outlined the recommendations.

RESOLVED

1. That the drivers for the further integration of health and adult social care be noted.

2. That the renewal of the integrated adult mental health arrangements under section 75 of the NHS Act 2006 be approved.

3. That authority be delegated to the Director of Community & Housing to finalise the terms of the agreement.

11 APPROVAL OF MERTON'S LOCAL DEVELOPMENT SCHEME 2019-22 (Agenda Item 11)

The Chair introduced the report which set out a project plan and timetable for the approval of Merton’s Local Development Scheme (LDS). The adoption of the Mayor of London’s London Plan had been delayed and as the Council’s LDS had to be compatible with the Mayor’s Plan, the proposed timetable for adoption of the Council’s Plan had been amended to reflect this. It was noted that the Mayor of London had set challenging housing targets for Merton and the Council had made representations to the Mayor of London in terms of achievability of those targets.

RESOLVED:

1. That, following advice from the Borough Plan Advisory Committee on 6th June 2019, Cabinet recommends that Council approve the high level project plan for creating planning policy documents, known as Merton’s Local Development Scheme (LDS) at its meeting on 18 September 2019.
2. The project plan and timetable (Local Development Scheme) to take effect on 19 September 2019, replacing the Council’s LDS 2016-19.
3. That Council delegates authority to the Director of Environment and Regeneration in consultation with the Cabinet Member for Regeneration, Housing and Transport, and the Chair and Vice Chair of the Borough Plan Advisory Committee, to make any amendments to the Local Development Scheme.

12 MERTON'S NEIGHBOURHOOD FUND PROJECT SELECTION 2019-20 (Agenda Item 12)

The Chair presented the report, which set out recommendations for the allocation of Community Infrastructure Levy (CIL) Neighbourhood Fund monies to individual projects which had been assessed against the Council’s Neighbourhood Fund criteria, with the key objective of bridging the gap between the east and west of the Borough. The Director of Environment of Regeneration advised that the proposals related to one element of the overall CIL monies, the other larger element being the funding for strategic items. Officers were currently working on a proposal to bring forward to Members for their consideration on the use of a proportion of these monies to fund additional tree planting to further mitigate the impact of air quality in the Borough.

The Cabinet welcomed the proposals, which included funding for Merton Priory which was an important historical site in the Borough.

RESOLVED:

That CIL Neighbourhood Fund money be allocated to individual projects received through the 2019 Neighbourhood Fund spring consultation in line with Merton Council's approved Neighbourhood Fund criteria and as set out in the Cabinet report and in Appendix 1 to the Cabinet report.

13 HIGHWAY WORKS & SERVICE CONTRACT (Agenda Item 13)

The Chair presented the report, which set out recommendations for the award of a new contract for Highways Works and Service following an extensive procurement process.

RESOLVED:

1. That the award of the new contract for delivery of Highway Works and Services within Merton to the contractor that submitted the highest quality tender, as outlined in the confidential Appendix 1 be approved. The initial period is for seven years starting subject to the extension of the existing contract, 1 March 2020 at the latest with an estimated value of £35m with the option to extend for an additional three years at a total estimated value of £50m for the life of the contract.
2. That authority is delegated to the Director of Environment and Regeneration, after consultation with the Cabinet Member for, Regeneration Housing and Transport, to approve any further matters relating to the contract award and the additional three years extension.

14 VARIATION TO EXISTING HIGHWAYS WORKS AND SERVICE CONTRACT TO EXTEND FOR UP TO 6 MONTHS (Agenda Item 14)

The Chair presented the report which set out a proposed extension to the current Highways Works and Service contract for six months. The Director of Environment and Regeneration advised the Cabinet that although the requested extension was for up to six months, the whole six month period may not be required and the purpose was to enable a smooth transition between the current and new contract.

RESOLVED:

1. That a variation to the current Highway Works and Services Term Contract with F M Conway for an extension of up to 6 months from 31 August 2019 be approved, as provided for in CSO 27 of the Contract Standing Orders (CSO) and in particular S.27.12.2 in line with the procurement activities currently on going for a new contract to be in place. This is to allow enough time for mobilisation after contract award.
2. That authority to approve the specific terms of the variation be delegated to the Director of Environment and Regeneration.

15 FLOATING CAR CLUB EXPANSION (Agenda Item 15)

The Chair presented the report which set out a proposal to launch car clubs in the Borough to encourage more flexible, sustainable modes of transport and tackle emissions.

The Cabinet welcomed the proposals which would provide a means of nudging residents towards behaviour change which would be ultimately beneficial. It was acknowledged that this behaviour change would take some time and therefore, in response to Members, the Director advised that use of parking spaces in the Borough would be monitored and officers would work with the car club providers to ensure an even spread of the facilities across the Borough. The Cabinet sought clarification on whether the car clubs used certain exclusion criteria and in response the Director advised that officers would look into this point to ensure that the service was as accessible as possible.

RESOLVED:

1. That the launch of DriveNow and Ubeeqo Car Clubs in Merton be agreed.
2. That the permit fee for floating car clubs paid to the council be fixed at £1,260 pa per vehicle for a three year period to the end of March 2023.
3. That a 20% time limited discount for “electric only” vehicles on the full floating permit fee be agreed for a three year period to the end of March 2023.
4. That authority be delegated to the Director of Environment and Regeneration to approve the launch of additional accredited car clubs in Merton on a phased basis in consultation with the Cabinet Member.

16 DISPOSAL OF WORSFOLD HOUSE, MITCHAM (Agenda Item 16)

At the invitation of the Chair, Sarah Henley, Estifanos Habtesellasie and Michael Turner spoke on behalf of Merton Centre for Independent Living (Merton CIL) and in support of retaining the facility at Worsfold House. They understood the need for housing but urged the Council to support the facility that provided valuable services and support for disabled people in Merton.

The Chair thanked all the speakers for their contributions and asked Cabinet Members to not to refer to the exempt information contained in the appendices so that the meeting could remain in public.

The Director of Environment and Regeneration presented the report which set out a proposal to dispose of Worsfold House at best consideration to Clarion Housing to facilitate and accelerate the regeneration of the Eastfields estate by providing decant housing, for which planning permission had already been granted, and which would deliver significant benefits to the area by increasing the supply of decent housing. The Director drew Members attention to the Equality Impact Assessment (EIA) and reminded them of their Public Sector Equality Duty to consider the impact of the proposals on those groups with protected characteristics under the Equalities Act and weigh up any potential impact against the benefits of the proposal. The EIA identified some negative impacts of the proposal, as the building was currently let to Merton CIL and a number of organisations with protected characteristics. If approved, November would be the earliest point at which any impact would be expected as the site was subject to planning processes thing would happen due to it still being subject to planning. Officers were currently working with Merton CIL and other tenants of Worsfold House to identify suitable alternative accommodation and would continue to help in any way possible as it was recognised that these groups carried out important work in the Borough. It was the view of officers that the impact was proportionate to outcomes sought to be achieved by the proposals.

The Chair, in his capacity as Cabinet Member for Regeneration, Housing and Transport, highlighted the importance of the proposal for the delivery of much needed homes and the regeneration of Eastfields estate. However the important work carried out by organisations like Merton CIL for residents in the Borough was recognised and welcomed. Therefore it was proposed to add a fourth recommendation to assist in any way possible the existing tenants of Worsfold House impacted by the disposal to identify suitable alternative accommodation where appropriate. In response to questions from Cabinet Members, the Director clarified how the site was integral to the completion of the overall regeneration of the area and that officers would be speaking directly to affected community groups to support them to identify alternative accommodation.

The Cabinet Member for Adult Social Care, Health and the Environment echoed the comments made by the Chair. The Council recognised the work of Merton CIL and any new accommodation identified would need to be accessible and he would be working with relevant officers to ensure that this was the case.

RESOLVED:

1. That the Worsfold House Site be declared surplus to Council requirements.
2. That the disposal of Worsfold House Site by private treaty on the main terms identified within the confidential appendix of this report be approved.
3. That authority be delegated to the Director of Environment and Regeneration to approve any variation in these terms.
4. That the Council assist the existing tenants of Worsfold House impacted by the disposal to identify suitable alternative accommodation where appropriate.

17 OUTTURN 2018-19 (Agenda Item 17)

The Director of Corporate Services presented the draft revenue outturn report for the 2018/19 financial year, drawing Members attention to the General Fund underspend of £7.7m, the work being carried out by officers on amending the forecasting to ensure a more accurate picture would be recorded for the next financial year and the proposals for reallocation of the underspend to ease some of the financial pressures on Children and Adults Services. The Council was subject to the Council’s external audit and the results of that audit would be reported to the Standards and General Purposes Committee on 25 July. Some monies were expected back from the Business Rates pilot, which would be put back into the Council’s reserves and it was anticipated that this would approximately £3.8m, however the final figure would be subject to the returns of all the boroughs in the pilot. Any adjustments required would be made in the 2019/20 financial year.

11

The report showed a deficit in the Dedicated Schools Grant and this had been raised as an issue with Ministers urging them to looking at what can be done to address the shortfall in funding. Officers were also working with colleagues across the South London region at ways in which to address this issue, which did not just affect Merton. The Director drew the Cabinet's attention to the section on Capital spend and the proposal to agree the slippage into future years spending. It was hoped that going forward the Council would be given a clean bill of health with its annual accounts, although there may be some issues with outstanding benefits claims, and officers were waiting on advice from the Department of Work and Pensions.

RESOLVED:

1. That the revenue outturn for 2018/19 be noted.
2. That the outturn position on Capital be considered and the slippage into 2019/20 and other adjustments detailed in Appendix 2C and Section 7 of the Cabinet report be approved.

18 FINANCIAL MONITORING MAY 2019 (Agenda Item 18)

The Director of Corporate Services presented the report which set out the financial monitoring for periods 1 and 2 of the current financial year. Officers were working closely with departmental colleagues to ensure reporting was correct and how to address the predicted overspend. The Director drew the Cabinet's attention to the section on progress against delivery of savings for 2019/20; and the capital schemes, re-profiling and virements for approval.

The Chair detailed the recommendations for virements, some of which contributed to sustainable transport and improving air quality by introducing electric car charging points and advised that the Cabinet that the demolition of Battle Close had now been completed.

RESOLVED:

1. That the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £1.98 million, 0.11% of gross budget be noted.
2. That the contents of Section 4 of the Cabinet report be noted and the amendments below be approved:

Scheme	2019/20 Budget	2020/21 Budget	Narrative
Corporate Service			
Spectrum Spatial Analysis (GIS)	120,000	(60,000)	Merton Improvement Board £60k funding and re-profiling
Children, Schools and			

Families			
Primary ASD Base	200,000	(200,000)	Re-profiled in line with projected spend
Total	**320,000**	**(260,000)**	

3. That releases from Outstanding Council Programme Board (OCPB) reserve of £152,007 relating to Project Management and £149,219 relating to SCIS - Post Go Live be approved.
4. That the release from the Outstanding Council Programme Board (OCPB) reserve of £181,422 relating to the Community and Housing MIB project bid for the scanning and digital archiving of files be approved.
5. That the release of £100k that was set aside in the Culture, Environment & Planning Contribution reserve to meet the demolition costs of Battle Close be approved. Demolition of the site has now been completed.
6. That the release of £150k that was set aside in the Culture, Environment & Planning Contribution reserve to contribute towards projects to promote long-term sustainable transport provision in Council–managed car parks be approved. This includes the provision of charging points for electric vehicles, cycle storage, pedestrian safety and help points across all relevant car parks.
7. That a virement of £52k from Parking Services to Regulatory Services be approved. As part of the Air Quality Action Plan 2018-23 Cabinet previously agreed the recommendations, which included the recruitment of an Air Quality Officer, to be funded from the revenue generated from the vehicle emissions charge.
8. The virement of £102k from the Children and Education grant reserve to social care budgets be approved.
9. The virement of £631k from the vulnerable children's social worker team (VCT) to safeguarding and care planning team 6 be approved.

19 EXCLUSION OF THE PUBLIC (Agenda Item 19)

Cabinet noted that the information contained in the exempt appendices would not be referred to as part of the discussion and therefore the meeting remained in public session.

20 HIGHWAY WORKS & SERVICE CONTRACT - EXEMPT APPENDICES (Agenda Item 20)

Cabinet noted that the information contained in the exempt appendices would not be referred to as part of the discussion and therefore the decision was taken in public. The text of the decision is set out under item 13 above.

21 DISPOSAL OF WORSFOLD HOUSE, MITCHAM - EXEMPT APPENDICES (Agenda Item 21)

Cabinet noted that the information contained in the exempt appendices would not be referred to as part of the discussion and therefore the decision was taken in public. The text of the decision is set out under item 16 above.

Committee: Cabinet

Date: 19 September 2019

Wards: All

Subject: Preparing the Council for the United Kingdom's exit from the European Union

Lead officer:	Caroline Holland, Director of Corporate Services
Lead member:	Councillor Mark Allison, Deputy Leader & Cabinet Member for Finance
Contact officer:	John Dimmer, Head of Policy, Strategy and Partnerships
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Recommendations: That Cabinet:

A. Notes the possible impact on the council, residents and businesses of the United Kingdom's departure from the European Union and the work that the council and its partners is doing to prepare for potential scenarios post departure.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1. The purpose of this report is to highlight the ways in which the council and the services it provides could be affected by the United Kingdom's (UK) departure from the European Union (EU). It also highlights the implications of Brexit for residents of the borough and the local community.

1.2. The report provides an update on policy developments at a national level and actions undertaken locally by the council since the previous report on preparing the council for the UK's exit from the EU that Cabinet received on 12 November 2018.

1.3. There remains continued uncertainty about whether the UK's withdrawal will be with or without an exit agreement in place. Until the terms of withdrawal are fully known it will be hard to determine its exact impact, however the council will need to be prepared for all eventualities, including the UK leaving without a deal.

1.4. The council's Brexit Task Group continues to keep up-to-date with developments, regularly reviewing the areas of highest potential impact. This will enable the council to strengthen its resilience and develop contingency plans in key areas such as workforce, regeneration, funding, legislation and community cohesion. The council is also working closely with London Councils, other London boroughs at a regional level and MHCLG to identify and plan for issues arising from the UK's departure from the EU.

2 ACTIONS TAKEN BY THE COUNCIL TO PREPARE FOR BREXIT

2.1. In 2018, the Leader of the Council created a Cabinet role to assess the impact of Brexit and ensure that actions are being taken as appropriate.

2.2. Following this a Brexit Task Group, chaired by the Director of Corporate Services, was established to look at the implications of Brexit in more detail and direct actions being taken. The Task Group has met monthly since November 2018 and includes standing members representing HR, Finance, Legal Services, Communications, Procurement, Safer Merton, Emergency Planning and departmental representatives from Children, Schools and Families, Community and Housing and Environment and Regeneration.

2.3. As the council's Brexit lead, the Director of Corporate Services will be attending a Brexit Summit on 16 September arranged by the London Resilience Group on behalf of the London Resilience Forum. The event will focus on planning to date, regionally and by and individual agencies, including local authorities, police and health. The Director of Community and Housing is the Brexit lead on behalf of London Association of Directors of Adult Social Services and is leading the co-ordination of contingency planning around the impact of Brexit for social care services.

2.4. At a meeting on 12 September 2018, Council welcomed the news that the Council's strategic risk register was being updated with regards to Brexit. It called on Cabinet to ensure the register maintains a robust and up to date account of the risks of the UK leaving the EU with no deal, and to implement any recommended measures as soon as possible.

2.5. Council also expressed its support for residents of the borough that are EU nationals and agreed to support the call for a People's Vote on any final Brexit deal. Council requested that the Leader of the Council write Wimbledon's MP, Stephen Hammond MP, to ask him to support a People's Vote.

2.6. The council has been committed to supporting EU nationals in the borough to achieve settled status, recognising that local authorities are a key and trusted provider of information and often the first point of contact for people locally. Merton is one of the local authorities that is providing an ID document scanning service, that can be accessed at Merton Registry Office.

2.7. A full-page spread appeared in the March edition of My Merton, highlighting whom the Settled Status Scheme affects and the information that EU national residents will need to register, with a further advert set to be published in the September edition. The council's communications team also continues to regularly put out information via social media relating to the scheme and linking to government guidance. Discussions have taken place with the Faith and Belief Forum about the scheme and further outreach to promote the Settlement Scheme is planned with local community organisations who have regular contact with EU nationals living in the borough.

2.8. Officers in CSF have attended a Home Office briefing relating to Looked after Children that are EU nationals and are developing an action plan to ensure the local authority fulfils its statutory obligations as corporate parent to children on full care orders.

2.9. With the risk that a significant proportion of people could fail to take up their right to settled status or struggle to get their application approved, £51,300 of the Brexit funding from government was allocated to Citizens Advice

Merton and Lambeth (CAML) in April 2019 to deliver a Merton-wide EU Settlement Scheme Service with a dedicated paid specialist Adviser.

2.10. The service, which has been open since July 2019 will support Merton residents prepare and apply for the Settlement Scheme. This is also a proactive step to try and reduce the number of people that might become No Recourse to Public Funds (NRPF) should they fail to achieve settled status and meets the Council's priority objective to support community cohesion and assist residents in taking up their rights. In addition, the Brexit Task Group agreed that the offer of support should be extended to Merton staff that are EU national but not residents of the borough, which has been highlighted in staff bulletins. It is proposed to initially fund the post for one year, reviewing its impact and caseload before agreeing to the funding of the post for a second year.

2.11. Safer Merton, in partnership with the police continue to monitor developments within the community as there may be an increase related to rising anxieties the closer we get to the 31 October. An objective is in place in the Hate Crime Strategy Action Plan to reassure the public before, during, and after the process of the UK exiting the EU. The Safer Merton Hate Crime Steering Group has developed a communications and engagement strategy to put out messaging to reassure the community and about how to access support, reinforcing that Merton is a diverse and tolerant borough that has a zero tolerance approach to hate crime.

2.12. Brexit could have wide-ranging implications for the future public sector workforce, particularly within social care. Officers from Community and Housing have visited and/or surveyed all home care agencies and providers. Council staff attending a Brexit Masterclass earlier in the year suggested that few other councils have gone as far as Merton in contacting all providers. In the context of increased risk levels around the UK leaving without a deal, however, adult social care commissioners will be renewing visits to providers in September to assess the latest position and additional support that may be required. Officers in C&H will also be carrying out financial modelling to look at what the worst-case scenarios could look like of a rise in provider costs.

2.13. In March 2019, £10,000 of the Brexit funding from government was allocated to Adult Social Care, to support work with primary home care providers on a local recruitment campaign to offset the potential impact of Brexit on EU staffing and immigration policy on EU and Rest of World staffing.

2.14. More widely in terms of the council's workforce, the 2018 Staff Survey included a question about whether staff were an EU National to try to get a better understanding of the current position. Managers have been asked to refer any staff that may have concerns around their status to HR for help and support, as well as highlighting the Settlement Scheme Service delivered by CAML which Merton staff are eligible for even if not being a resident of the borough.

2.15. FutureMerton are engaging with our Business Improvement Districts, the Merton Chamber of Commerce and other key business groups to understand the impact to date of uncertainty amongst local businesses. Businesses will be asked if there has been any noticeable changes, any difficulties around recruitment, meeting demand and from this, establish if there are any sector trends that have occurred.

3 BACKGROUND

3.1. On 23 June 2016, The UK voted to leave the EU (52 per cent voting to leave). London was the only region within England to vote with a majority to remain in the EU, with 59.9% of the vote (2.26 million votes). In Merton 62.9% of those, voting (63,003) voted to remain against 37.1 per cent (37,097) that voted to leave.

3.2. The government formally triggered the process of the UK's withdrawal from the EU on 29 March 2017. Since that time, Parliament has had the opportunity to vote on the government's proposed withdrawal agreement three times and voted it down each time. Parliament also voted to reject leaving the EU without a withdrawal agreement. Following this, at a meeting of the European Council on 10 April, the Government agreed an extension to the Article 50 process until 31 October 2019.

3.3. At time of writing leaving, the EU without a deal on 31 October is the legal default, and there is an increasing possibility that the UK will be leaving without a withdrawal agreement in place. Recent reports note that the Prime Minister has instructed the civil service to make preparations for leaving the EU without a deal its "top priority" for the immediate future, and urged all officials to work "urgently and rapidly" to ensure their departments are ready. Commentators continue to speculate as to whether a no deal exit could actually be stopped by Parliament, despite the vote earlier in the year, and whether there could be a General Election in the autumn.

3.4. Whatever the terms of withdrawal, whether it is via a deal or not, there will be a range of significant effects on local government and the communities they serve. MHCLG have stated that local government is 'critical to delivering a successful Brexit' and that their objective is to 'champion local government and help them to influence, prepare, adapt and innovate in response to Brexit and ensure a successful transition phase with minimal impact on council services and local people'. Local authorities have a unique and important perspective to bring to the negotiations as community leaders, service providers, employers and shapers of place.

4 DETAILS

4.1. On 12 July 2018, the Government published its White Paper on the Future Relationship between the United Kingdom and the European Union. The proposals in the White Paper helped to inform discussions between Government officials and EU negotiators and provided the framework for the proposed withdrawal agreement that Parliament voted against earlier in the year.

4.2. The Government has always stated its intention to negotiate a deal, however, the current impasse in negotiations between the EU and UK, and the new Prime Ministers insistence that the UK will definitely leave the EU on 31 October means that no deal preparations both at a national and local level are increasingly important.

4.3. A letter from the Secretary of State for Housing, Communities and Local Government went to all Leaders of English local authorities on 31 January 2019 outlining a step up in no deal preparations and additional Brexit funding for local authorities. Whilst not ring-fenced, it was the expectation from MHCLG that local authorities use this to fund preparatory work for Brexit-related activities. Merton will receive £210,000 over the two years of the planned transition period. So far, this funding has been used to support work with primary home care providers on a local recruitment campaign to offset the potential impact of Brexit on staffing; and the funding of a dedicated specialist adviser at Citizens Advice Merton and Lambeth to deliver a Merton-wide EU Settlement Scheme Advice Service.

4.4. On 31 July 2019, the Chancellor Sajid Javid announced £2.1 billion for no-deal Brexit preparation; £1.1 billion being provided to departments and the devolved administrations immediately, and a further £1 billion to be made available, should it be needed. This has been described as funding that will ensure government department's step up vital operational preparations across the country as the UK leaves the EU on 31 October. Funding announced will be used for border and customs operations, critical medical supplies, support for UK nationals abroad and an awareness campaign to ensure the public and businesses are ready to leave the EU.

4.5. £434 million is to be made available to help ensure continuity of vital medicines and medical products, including through freight capacity, warehousing and stockpiling. £108 million is to be made available to promote and support businesses to ensure they are ready for Brexit, including a national programme of business readiness and helping exporters. £138 million will be made available for public communications.

4.6. On 5 August 2019, Robert Jenrick, the new Secretary of State for Housing, Communities and Local Government, announced that all councils would be required to have a 'Brexit lead' to work with central government and increase their Brexit preparations. The Brexit lead should ensure the council has taken all reasonable steps, in line with relevant guidance and messaging coming from Government and its agencies, to prepare for exit from the EU on 31 October. This should include clear communication to local residents and businesses to support their own preparations for Brexit and a plan for how the council communicates important messages to stakeholders. As Chair of the Brexit Task Group, Caroline Holland, Director of Corporate Services is the council's lead officer for Brexit.

4.7. Following this announcement, on 10 August 2019 the Secretary of State announced £20 million of funding for all local authorities in England to aid Brexit preparations and support the work of Brexit Lead Officers - £10 million of new funding from the Treasury, while £10 million is money held over from the brexit funding announced earlier this year. Under this second round of funding, Merton has received an additional £105,000 as part of Brexit preparations. The Government has highlighted that certain areas may face pressures that are more acute and continues to consider how to allocate this funding.

4.8. A focus on Brexit has meant a delay in the 2019 Spending Review that has caused uncertainty for local authorities in understanding the level of funding allocated from government departments. It is highly likely that the formula funding review for how local government is funded will be delayed together with the Adult Social care green paper that is already late. This has consequences for financial planning and setting council budgets. The council is assuming for planning purposes that Government funding will remain at the same level with a potential for a downturn in business rate income, together with a contingency reserve to act as a buffer to any financial turbulence.

4.9. It should be noted that any actions that the council has taken, or will take with its partners to mitigate the risks of the impact of Brexit, in particular a no deal exit, are not being taken in isolation. As a sector, Local Government continues to press its case to MHCLG for more clarity to enable it to support a successful transition. Councils across the country are collating relevant information to identify key risks to residents, businesses and their communities posed by the UK leaving the EU in order to report this to government.

4.10. At a citywide level, London has well developed resilience arrangements under the auspices of the London Resilience Partnership. These have been geared up in preparation to address a range of scenarios that London may need to respond as the UK leaves the EU. In terms of borough relations with central government, Pan-London arrangements have been established to ensure an effective and efficient two-way flow of information between MHCLG and boroughs.

4.11. At the beginning of the year, MHCLG and London Councils began requesting that all boroughs complete two Brexit Impact Trackers; a Baseline Assessment and weekly Impact Monitoring. The Impact Assessment tracker was designed to support pan-London assessments of both immediate and longer-term impacts of the UKs exit from the EU on London local authorities. Findings feed into the Resilience and Emergencies Division of MHCLG and their Local Government Policy Directorate and enables the identification of emerging pan-London issues and escalation of concerns, and provides assurance that boroughs are proactively engaged in preparations and impact assessments.

4.12. The weekly Impact Monitoring covers key current concerns, across areas such as recruitment, hate crime, planning applications and a number of other metrics, designed to try to track the impact of Brexit locally. This is also designed to enable the identification of priority issues that can be escalated through weekly reports to Government. The council has been submitting the returns as required.

4.13. Following the extension to Article 50 the London Strategic Co-ordination of responses to central government was temporarily stood down, alongside the formal weekly and monthly reporting of information that boroughs had been completing since January. Boroughs were still encouraged to continue to report, by exception, any new items and emerging local intelligence. The Chief Executive of London Councils continued to be engaged in weekly conference calls with the other eight Regional Hub Chief Executives, the LGA and MHCLG.

4.14. It has now been confirmed that by the end of the summer there will be a return to a form of more regular reporting. Single Points of Contact in each borough have been re-engaged and work and activity that individual boroughs have been progressing since April will be collected. Weekly briefings will re-commence for the London region from the start of September 2019.

4.15. MHCLG continue to publish guidance from government to assist local authority preparedness for exiting the EU. The LGA have also put together a Brexit advice hub for local government that compiles policy advice from a wide variety of sources and analyses them against their headline concerns for local government.

No Deal – the consequences for local government

4.16. There is currently daily speculation and warnings about what the implications are of a no deal exit from the EU, so it is important to try to take a measured approach to reviewing the different pieces of information being released. The Office for Budget Responsibility (OBR) has warned that a no deal Brexit would be “very serious” for the UK’s public finances. The OBR have said leaving the EU without a deal would put Britain into a recession that would shrink the economy by two per cent and push unemployment above five per cent. Current forecasts for spending and tax receipts are based on Britain leaving the EU with an agreement in place.

4.17. In the LGiU’s view, local government now has to plan for a possible no deal with greater urgency than before the last deadline, although it recognises the challenges of having to plan for something unknown in both its impact and the uncertainty of it happening. Jonathan Carr-West, CEO of the LGiU, has set out what he sees as the potential immediate impact (Public Finance 7 August):

4.18. *“After the 31st, there are a set of initial consequences that could unfurl very quickly. For councils on the frontline such as those in Kent the effects could be immediate. In the run up to the March Brexit deadline, they were putting in place traffic management plans, drafting in extra police and working on the assumption, that gridlock from the ports would have a knock on effect on schools, hospitals and other public services. Those plans will need to be reactivated for October.*

Elsewhere in the country, there will be less immediate impact but councils will still be bracing themselves: whatever happens after 31 October there will be large numbers of people unhappy about it. Local authorities will be reviewing their plans for public disorder and civil unrest. In the very worst-case scenarios, if we do see shortages of food or medicines councils will be *thinking about how they protect vulnerable groups such as children and the elderly. The sheer range of local authority responsibilities means that pretty much what ever goes wrong they will have a role in dealing with it."*

4.19. In the medium and longer term, the impact of no deal on local government is equally hard to predict. In the LGiU's view, priorities for post brexit funding could cause major conflict about competing priorities – across nations, localities and sectors. The short, medium and long term effects on the economy can be guessed at but not fully known – the consensus (even within government) is that a no deal exit would have negative consequences, but it is not clear which regions or sectors will be impacted the most. Even after withdrawal, the repatriation of powers and laws will not be complete, so the impact of such a huge change will not be clear for many years.

4.20. It is speculated that a no deal withdrawal will have a negative impact on border controls and flow into and out of the country for people and goods. Disruption at ports could affect roads into London and elsewhere and there could be a possible knock-on impact of reducing commuter capacity into London, either on roads or on rail as more people turn to rail for their transport. Delays of goods into the country may also have an impact on equipment, food and medication.

4.21. Communications coming from across government are that preparations for a no deal exit are being increased nationally, and as such the council now needs to be prepared at a local level to mitigate against the impacts that the UK leaving the EU without a deal will have. The Brexit Task Group will continue to assess the latest developments and work with departments to ensure that contingency plans are in place as required.

Seasonal issues

4.22. The extension to Article 50 and the change of the planned date of withdrawal from 31 March to 31 October 2019 means that there is the potential for Brexit to have on an impact on seasonal issues that may not previously have been considered. Some key issues that have been identified both nationally and locally that should be considered:

- October is a busy period as traders prepare for Christmas. It is the busiest time of the year for freight handling at Heathrow. Warehouses will be fuller than in March as they are stocked for Christmas
- By the winter the UK growing season will have ended and a higher proportion of food is imported over the winter period
- The start of winter is often a period of a higher demand for power. Typically, the Government issues alerts to the market to increase the supply of power so it is possible that there could be an impact depending on agreements around fuel. Electricity trading may be disrupted as Britain leaves the internal energy market

- NHS winter reporting will start as the organisation prepares for winter pressures. After enquiries locally, NHS England have said that they have taken precautions to secure stock of all flu vaccines
- A severe winter could result in a greater demand for salt and grit for the roads. It should be noted that the council's supply of salt comes from UK based suppliers.

Citizenship and migration

4.23. The EU Settlement Scheme allows EU citizens and their family members to gain the immigration status they need to continue to live, work and study in the UK. This status means they will continue to be eligible for public services, such as healthcare and schools, as well as public funds and pensions. The scheme has been open since March 2019.

4.24. Under the scheme EU citizens living in the UK can apply for 'settled status' if they want to continue living in the country after June 2021. Under the settlement scheme, it will be mandatory for EU citizens to have 'settled' or 'pre-settled' status from 1 July 2021. Applications for settled status can be made once the individual has lived in the UK for five years (unless they were not resident in the UK by 31 December 2020).

4.25. The deadline for applying is 30 June 2021 if there is a deal and transitional period. However, if the UK leaves the EU without a deal, then potential applicants will need to be living in the UK on or before the date the UK leaves the UK to be eligible for settled status.. The deadline for applying under a no deal scenario will be 31 December 2020. The Government has indicated that a person who fails to apply by the end of June 2021 (or December 2020) may have no lawful basis to remain in the UK, but it is currently unclear what the consequences of this will be.

4.26. Deportation of EU citizens is something the EU has extremely high protection against, but in the case of a no deal scenario, the high standard of protection against deportation currently governed by EU law would apply in the UK only until the date of withdrawal. After this, UK law will apply to EU nationals as well as non-EU nationals. It allows anyone considered a "foreign criminal" to be deported automatically. If 'EU citizens who fail to secure settled status before the deadline' becomes a category under UK law for someone that is living in the country illegally then there is a chance they could be liable to deportation.

4.27. If the UK leaves, the EU without a deal, the government has stated intention to end free movement on 31 October 2019. This position differs from the withdrawal agreement rejected by Parliament earlier in the year, where free movement would continue during a "transitional period" after which the UK would set its own rules on immigration. In the event of no-deal, only EU citizens and their family members currently in the UK or who arrive before the Brexit deadline of 31 October 2019 would be able to apply to settle under the Settlement Scheme. Those arriving in the UK from 1 November 2019 would not.

4.28. On 4 September Government announced immigration plans in the event of a no deal Brexit that will introduce a ‘tougher UK criminality threshold for EEA citizens’. The changes will be introduced alongside a new European Temporary Leave to Remain scheme (Euro TLR) for EEA and Swiss citizens and their close family members. Citizens of those states moving to the UK after we have left the EU and up until the end of 2020 will be able to obtain a temporary immigration status lasting 3 years.

4.29. Local authorities are a key provider of information affecting people’s everyday lives and often the first point of contact for people locally. MHCLG have highlighted that councils can help assist those EU citizens who need support to apply to the EU Settlement Scheme – particularly EU citizens that are vulnerable or in hard-to-reach groups. MHCLG have noted the value of the strong networks councils have and have asked them to work in collaboration with government agencies to ensure EU citizens in a local area are informed about the EU Settlement Scheme and how to apply. Merton is one of the local authorities signed up host an ID document scanning service that can be accessed at Merton Registry Office.

4.30. As leaders of place, local authorities can also play a key role in reducing the possible negative impacts on communities that may arise when people are applying for, or in some cases may fail to secure their status.

4.31. According to the Census data from the Office of National Statistics, as at 2011 there were 18,690 EU nationals in the borough. This was 9.3% of the borough’s population. Of this total number, 7,649 were from EU member states as of 2001, while 11,041 were from the EU Accession countries that became member states between April 2001 and March 2011. Since the last Census, Information from the council’s electoral roll as at 1 August 2019 shows that the total number of EU residents in the borough has increased to 24,794.

4.32. A nationally funded campaign around Settled Status, targeted specifically at EU nationals through Facebook and adverts in different languages was launched earlier in the year. Locally a full-page spread appeared in the March edition of My Merton, highlighting whom the Settled Status Scheme affects and the information that EU national residents will need to register, with a further advert set to be published in the September edition. The council’s communications team also continues to regularly put out information via social media relating to the scheme and linking to government guidance. Discussions have taken place with the Faith and Belief Forum about the scheme. Further outreach to promote the Settlement Scheme is planned with local community organisations who have regular contact with EU nationals living in the borough. The Home Office has published guidance and has a contact centre giving advice to EU nationals. Further information for staff, councillors and residents is set out in Appendix 1.

4.33. Information picked up from other boroughs since the launch of the Settled Status Scheme has highlighted that in some instances an extensive level of support is required in enabling those in hard to reach and vulnerable groups to be able to put together the information required to complete their applications. There may also be significant challenges in ensuring that all those that need to apply, will apply, which could have potential implications for a rise in ‘No Recourse to Public Funds’ presentations. Specifically there have been a number of issues with getting the required documentation from embassies for children that are looked after or that are care leavers.

4.34. Officers in CSF have attended a Home Office briefing relating to Looked after Children that are EU nationals and are developing an action plan to ensure local authority fulfils its statutory obligations as corporate parent to children on full care orders. If the UK leaves without a deal this has implications for bringing forward, the dates when people will need to apply for settled status, or may mean they are no longer eligible if not living in the country before 1 November. This is particularly important as it relates to Looked after Children where the process of applying on their behalf may take longer or be more complex.

4.35. With the risk that a significant proportion of people could fail to take up their right to settled status or struggle to get their application approved, £51,300 of the Brexit funding from government was allocated to Citizens Advice Merton and Lambeth in April 2019 to deliver a Merton-wide EU Settlement Scheme Service with a dedicated paid specialist Adviser.

4.36. The service, which has been open since July 2019 will support Merton residents prepare and apply for the Settlement Scheme. This is also a proactive step to try and reduce the number of people that might become No Recourse to Public Funds (NRPF) should they fail to achieve settled status and meets the Council’s priority objective to support community cohesion and assist out residents in taking up their rights. In addition, the Task Group agreed that the offer of support should be extended to Merton staff that are EU national but not residents of the borough, which has been highlighted in staff bulletins. It is proposed to initially fund the post for one year, reviewing its impact and caseload before agreeing to the funding of the post for a second year.

4.37. Another organisation that receives funding from the council’s strategic partner programme, South West London Law Centres is also publicising a European Union Settlement Scheme Complex Cases support offer for those with more complex case, or that require need additional help in applying.

4.38. In total nationally, as of 31 July 2019, 1,040,600 EU citizens have applied to the EU Settlement Scheme. The total number of applications that have been concluded, as of 31 July 2019, was 951,700. Of these, 64% were granted settled status and 36% were granted pre-settled status. The Home Office has recently published ‘experimental statistics’ on the number of applications to the settlement scheme by local authority area. This indicates that around 8,400 Merton residents have applied to the scheme, about a third of the estimated EU nationals in the borough.

4.39. The fall in the value of the pound means that the cost of living abroad has increased, and there is the possibility that some UK citizens currently living in the EU may choose to return. In December 2017, the government reached an agreement with the European Commission on citizens' rights. This aimed to provide a level of certainty to UK nationals in the EU and their families that they would continue to have the same access as they currently do to healthcare, pensions and other benefits and will be able to leave their Member State of residence for up to 5 years without losing their right to return. However, if the UK leaves without a deal then the EU cannot give such a guarantee for UK citizens because it would be up to individual member states.

4.40. The priority for most will be to register as residents of the country in which they have moved to, but the rules - including deadlines for paperwork - vary from country to country. The European Commission, in its contingency plan for no-deal Brexit has asked the EU27 to "take a generous approach to the rights of UK citizens in the EU, provided that this approach is reciprocated by the UK". Large numbers of UK citizens returning home could put pressure on the availability of housing, and with a proportion of those living abroad being older, that moved following retirement, there could be the added impact from those returning on healthcare and older peoples services. In terms of adult social care services, locally, this has been assessed as having a minimal impact as many will not likely meet the threshold for services, but it may need more agency social workers to process and assess returnees. More widely, however there would be an impact on local NHS and health services.

Community cohesion

4.41. Councils have an important role to play in promoting integration and community cohesion, especially at a time of significant upheaval and uncertainty. Merton launched its Hate Crime Strategy shortly after the EU referendum vote. The strategy references that 74% of Londoners say they are concerned about hate crime and that recorded figures saw an increase after the referendum result, with more than 3000 allegations of hate crime made to UK police in the week before and after the vote on June 23rd. As a report by London Council's emphasises, 'a rise in reported hate crime alone is an imperfect measure of community cohesion and might indicate a positive increase in the rate at which such crimes are reported'. However, it is clear that councils have a key role to play in building and protecting social integration in their local area as emphasised by the Casey Review into integration.

4.42. Locally, there has not been a rise in reported instances of hate crime linked to Brexit. Community cohesion is formally monitored via the police, with them sharing incidents accordingly. Safer Merton, in partnership with the police will continue to monitor developments within the community as there may be an increase related to rising anxieties the closer we get to the 31 October. An objective is in place in the Hate Crime Strategy Action Plan to reassure the public before, during, and after the process of the UK exiting the EU. The Safer Merton Hate Crime Steering Group with clear messaging to reassure the community and how to access support and reinforcing that Merton is a diverse and tolerant borough that has a zero tolerance approach to hate crime has developed a communications and engagement strategy.

4.43. There is though the possibility that demonstrations could take place across the UK and a rise in public disorder and community tensions if food and supplies of other products into shops are affected. London, as the seat of the UK Government is likely to attract a higher proportion of protests and politically motivated demonstrations (evidenced in March and April). It is unlikely that these types of demonstrations will affect Merton; however, they may absorb significant amounts of police resource dealing with issues locally. Officers from the Safer Merton team are in contact with the BCU Brexit lead to ensure readiness of any possible disorder arising from the UK's departure.

Workforce

4.44. Brexit could have wide-ranging implications for the future public sector workforce. It is estimated five per cent of the local government workforce and seven per cent of the social care workforce is from the EU-27 countries. London Councils research from August 2017 shows that London is particularly reliant on migrant care workers, with nearly three in five of its social care workforce (59 per cent) born abroad.10.6 per cent of London's social care workforce were born in the EEA and are without British citizenship. The last published Skills for Care data showed that 13% of the Merton social care workforce had an EU nationality, and 26% a non-EU nationality. The Association of Directors of Adult Social Services (ADASS) has said that it is likely that the sector will "struggle to cope" unless there is an "absolute guarantee" from the government that EU nationals can continue to work in the UK, without disruption.

4.45. The significant proportion of overseas workforce in social care is driven by low wages and challenging working conditions, which in turn are exacerbated by the squeeze on local authority budgets. This has historically been seen as a reason for care work being a less attractive proposition for British workers. If there, are struggles around recruitment, with EU nationals no longer choosing to come to the UK to work then there may be wage increases and rising prices as providers look to attract people. In addition, there have been concerns that any inflationary increases because of Brexit could push up costs in an already difficult financial environment for home care providers.

4.46. Within Merton, all home care agencies and providers have now been surveyed and/or visited. It has not been found that there have been instances of large numbers of EU care staff leaving, however future recruitment remains a key issue. Council staff attending a Brexit Masterclass earlier in the year suggested that few other councils have gone as far as Merton in contacting all providers. In the context of increased risk levels around the UK, leaving without a deal, however, adult social care commissioners will be renewing visits to providers in September to assess the latest position and additional support that may be required. At time of writing no care providers had highlighted a significant risk of no longer being able to provide a service in the immediate short term, however rising costs and an increase in inflation following withdrawal would significantly impact providers due to increasing staff and supply costs, and could lead to provider failure. Officers in C&H will be carrying out financial modelling to look at what the worst-case scenarios could look like of a rise in provider costs.

4.47. In March 2019, £10,000 of the Brexit funding from government was allocated to Adult Social Care, to support work with primary home care providers on a local recruitment campaign to offset the potential impact of Brexit on EU staffing and immigration policy on EU and Rest of World staffing.

4.48. Work has commenced with local providers, DWP and Skills for Care, and supported by a social media campaign, a recruitment fair in June was successful in helping attract 500 people to attend, however this has only translated to a small number of people actually taking up roles. Recruitment to the care sector will remain a key area of focus for actions.

4.49. The Migration Advisory Committee (September 2018) had recommended that existing minimum salary thresholds be kept in a post-Brexit immigration system and was also clear to not recommend that the public sector should receive special treatment in the migration system. A report by LGiU on the impacts of Brexit on local government argues that if a post-Brexit migration policy settles on high salary thresholds for skilled workers then the £30,000 threshold and required academic qualifications will be 'unrealistic' for most home care providers. However, the previous Home Secretary, Sajid Javid had signalled in June 2019 that the government was preparing to drop plans for a £30,000 minimum salary threshold, and consider the introduction of regional salary thresholds and exemptions for some sectors this has never been announced as government policy.. There is speculation that the government is looking at plans to exempt the social care sector from the proposed post-brexit migration policy but this is yet to be confirmed.

4.50. Within Children, Schools and Families, there is a low risk in terms of the council's directly employed workforce but there may be implications for other support staff, for example teaching assistants in schools that are mainly drawn from the local population. There could be a possible impact on the pool of available agency social workers in London with EU qualifications, although the size of this issue is unknown, and use of agency staff in CSF has reduced significantly. Schools have been written to and asked to feedback where the impact would be significant.

4.51. More widely in terms of the council's workforce, the 2018 Staff Survey asked staff whether they were an EU National. Of the 53% of staff that responded to the survey, 16% indicated that they are an EU national. It is unknown about how many EU nationals are amongst the 47% of staff who did not respond to the survey. However, these figures show that a significant number of the council's workforce could be impacted and may have to apply for settled status. Managers have been asked to refer any staff that may have concerns around their status to HR for help and support, as well as highlighting the Settlement Scheme Service delivered by CAML which Merton staff are eligible for even if not being a resident of the borough.

4.52. In the event of a no deal withdrawal, and those arriving in the UK from 1 November 2019 not being eligible for settled status, there is now considerable uncertainty about the circumstances of any offers of employment being made.

4.53. Looking at agency staff and interims, Comensura, the council's provider of agency staff have said they are unable to hold information on whether someone is an EU national unless the candidate has previously provided their ethnicity, which they are at liberty to withhold. Veolia as a company have a national approach to tackling the impacts of Brexit and have been identifying staff that are EU nationals and funding and supporting them to apply for Settled Status including providing advice and translation for documents/evidence required for the process. Departments continue to work with other contractors to make sure that they are taking the necessary steps to continue to deliver contracted services following 31 October.

Supplies and equipment

4.54. There has been no indication at this stage from the council's specialist suppliers that obtaining spares and equipment will be an issue; however, this will need to be kept under much closer review and regular monitoring with an increasing likelihood of no deal. Options have been explored for storage in the borough if it may be required.

4.55. It is considered unlikely that there will be an overall shortage of food in the UK; however, there may be a reduction in some areas, including some types of fresh food and this could lead to price rises, which will affect the most vulnerable. While local authorities do not manage or control food supplies, DEFRA have highlighted that they are well placed to provide intelligence on any developing issues that could assist relevant departments to support communities and have an important role in the UK's food system through the enforcement of food safety and standards regulation. Locally Community and Housing and Public Health are collecting information on food banks and voluntary groups that serve food and looking at actions to support them.

4.56. It is possible that the supply of medicines and medical products could be impacted by a reduced flow of goods into the country and local stockpiling by organisations or individuals might cause further shortages. Nationally the NHS is putting place-mitigating actions to ensure additional stocks in the UK. Medicines and medical products will also be able to utilise priority ferry routes, which by-pass the short straits ports, to bring products into the country. The NHS will however continue to monitor stock movement levels and act if it detects abnormalities that might indicate local stockpiling, so that action can be taken.

EU Funding

4.57. One of the biggest concerns from councils nationally has been addressing the potential funding gap from no longer having access to EU funding, estimated by the LGA to be up to €10.5 billion UK-wide, unless a viable domestic successor to EU regional aid is put in place. In its 2017 General Election manifesto, the Government pledged to create a UK Shared Prosperity Fund that would replace the money that local areas are currently in receipt of from the EU. Despite the uncertainty over the replacement of

EU funding, the LGA argued that there was the opportunity to give local areas a greater say over how to target regional aid funding for local projects of benefit for local people that can support infrastructure, environment, enterprise and social cohesion.

4.58. An internal review was carried out which found that Merton is not currently in receipt of any EU funding that will need to be replaced, however it will no longer have access to put in any bids to European funds for projects such as the regeneration of Morden Town Centre where there may previously have been the opportunity. Therefore, the Task Group have noted the importance of monitoring the development of any replacement funds.

4.59. In March 2019, the government announced the launch of a new £1.6 billion fund to support 'less well-off towns in England' after Brexit. The pot will be split into a £1 billion fund to be distributed according to a needs based formula and £600 million which communities will be able to bid for. Towns in London will not be eligible for the £1 billion share of the fund, but towns within the GLA may be able to bid for a share of the £600 million. Further details on the fund have yet to be announced but the Brexit Task Group continues to monitor the details and criteria for the funding to see whether areas in London will be eligible for submitting bids.

Laws, legislation and devolution

4.60. EU law and regulation underpins many council services (such as waste and environmental standards). The Withdrawal Act 2018 provided for all EU law to be brought into UK law to ensure that there was legal certainty for businesses and residents. The Withdrawal Act is now law and this legal certainty remains in place under 'no deal'. However, many UK laws refer to EU regulations or to EU agencies. The Withdrawal Act gives ministers the ability to amend such laws where EU institutions or processes are mentioned. The Government has previously moved to assure people of continuity (at least in short-medium term) and that it will name UK successor agencies to EU regulators. DEFRA has published a Draft Environment Bill, setting out how they will maintain environmental standards as the UK leaves the EU.

4.61. Local government leaders as a part of the negotiations for leaving continue to push the case for further devolution and public service reform and have highlighted the opportunity that EU-origin laws could be improved through amendment.

4.62. As EU law is incorporated into the domestic statute, local government has a central role to play in deciding which should be kept, amended or discarded. For example, there are many EU-origin laws that commentators highlight could be improved through amendment; including public procurement, state aid rules and new approaches to waste, recycling and landfill. Equally, there are areas where it is beneficial for EU-origin laws to remain, including air quality, transport, consumer rights laws, the provision of service regulations and the TUPE regulations.

4.63. So far, there have not been major changes to The Public Contracts Regulations 2015 for procurement, but thresholds may be changed. The Cabinet Office issued a Procurement Policy Note in March 2019, which stated:

- The European Union (Withdrawal) Act 2018 contains powers to fix deficiencies that arise as a result of the UK's withdrawal from the EU. For public procurement, the amendments to the current regulatory framework were made in March. The Public Procurement (Amendment etc.) (EU Exit) Regulations 2019 were made on 13th March. Those Regulations were subsequently amended by the Public Procurement (Amendment etc.) (EU Exit) (No. 2) Regulations 2019 that were made on the 20th March. In the event of no deal, the Public Procurement (Amendment etc.) (EU Exit) Regulations 2019 will come into force, in their amended form, on exit day.
- In the event of a no deal Brexit, contracting authorities will need to publish public procurement notices to a new UK e-notification service that will replace the EU publications office.

4.64. Flexibility may need to be built into our future procurement and where we buy goods and services. Commercial Services have written to contract managers to ask them to review all contracts and identify any that:

- Rely on EU grant funding
- Rely on staff that are EU Nationals to deliver the service
- Have the potential to be impacted by currency volatility

4.65. In the event of a 'no-deal' Brexit, with no agreed arrangements covering data protection, the Government is advising organisations to prepare appropriate contracts to ensure any transfer of European Union citizens' personal data to the UK is compliant with privacy laws. The UK could be regarded as a third country when it exits the EU. As a result, the transfer of personal data from organisations within the EU to other organisations in the UK will be subject to strict data transfer rules, as set out by the EU General Data Protection Regulation (GDPR). EU organisations will have to ensure their transfers to UK are lawful, which will no longer be as straightforward as it is now.

4.66. The government has stipulated that following Brexit it does not intend to apply restrictions on transfers of personal data from the UK to the EEA, however The EU has not yet granted similar modification in respect of transfers to the UK. Following Brexit, transfers of personal data from the EEA to the UK will be restricted. This will have a major impact on any organisation that routinely transfers personal data from the EU to the UK. This could have an impact for the legal frameworks covering the work of local authority children's services in areas of family law (where families cross borders), child protection, and supporting children suffering abuse, exploitation or abduction and could result in significant data protection issues where institutions and services work across national boundaries.

4.67. Departmental Management Teams continue to reviewing legislation and technical guidance updates as it relates to the specific service areas within their departments and report this information to the task group as required.

Regeneration, house building, skills and the high street

4.68. The construction industry is significantly dependent on EU migrant workers, both for skilled and non-skilled roles. A shortage of workers could therefore lead to higher project costs or consequently building schemes having to either be reduced in scale or scrapped altogether. This could have a significant impact for the council's regeneration schemes such as that for Morden Town Centre and on the council's local Housing Company and the program of construction outlined in its establishment. A report is being commissioned by MDL to provide an update on the construction industry; pricing, availability of labour and availability of materials.

4.69. Alongside the workforce issues, research suggests that approximately two-thirds of construction materials for house building and other schemes are imported directly from the EU. This could have two issues; a weaker pound will lead to rising costs for imported materials, while at the same time the UK risks losing its tariff-free access to the single market, as well as facing the imposition of duties and limits on quantities, exacerbated in a no deal withdrawal.

4.70. Locally, FutureMerton have assessed that the immediate impact of Brexit on the council's existing regeneration and building schemes will be negligible, however if there is no deal, and a protracted exit then there will start to be an impact from exchange rates. If there is, still an economic downturn a year later then there could be an impact for the council's Local Housing Company in terms of construction costs, tender prices and availability and costs of labour. The value of the council's portfolio could also be impacted as the property market goes up or down. The council continues to analyse industry indicators for data relating to gaps and shortages in the construction sector. FutureMerton also intend to engage with our Business Improvement Districts, the Merton Chamber of Commerce and other key business groups to understand the impact to date of the uncertainty. To ask businesses if there has been any noticeable changes, any difficulties around recruitment, meeting demand and from this, establish if there are any sector trends that have occurred.

4.71. It is widely accepted that the UK has a significant skills gap. If bridging the gap in the skills that public services need can no longer be met through migration (EU or non-EU) then there will have to be a drive to improving the skills of UK workers. In the LGA's view, the workforce challenges of Brexit needs to be a catalyst for a fundamental rethink of skills development in the UK. A London Councils briefing on the impact Brexit could have on London's skills challenge notes that London's economic success has been driven by being a leader in financial, professional and technical services, creating a strong demand for highly skilled, highly productive labour. In the briefing, it is argued that to meet the challenges in London of high levels of youth unemployment, a rapidly growing population and a number of key sectors that are heavily reliant on migrant labour, London needs an efficient skills system that is responsive to business need and supports learner progression.

4.72. Merton has contributed to the Mayor's Skills Strategy and emerging Industrial Strategy. The Skills for South Londoner's Skills Strategy (February 2018) set out actions to meet challenges for businesses and recognised current skills gaps. The strategy sets out three priorities to support residents towards and into work, increase employer participation and investment in skills and to align the skills offer to our growth and strategic sectors.

4.73. Since Brexit, the fall in the pound has made imported goods more expensive, with the additional potential for costly tariffs to be added in the case of a no deal withdrawal. This comes at the same time as wages rising at a slower pace than inflation, meaning people with less disposable income. There are a number of wider reasons behind the continued decline in high streets, such as the rise of online shopping, but Brexit is predicted to increase the pressures on many businesses and retailers and could lead to a further downturn. This will have a direct impact on the council in terms of the level of business rates it collects, but also more widely, there is the negative impact for the community if high streets and town centres in the borough are struggling. The council continues to regularly liaise with business organisations via the Chamber of Commerce and monitor any changes to business rate income.

5 ALTERNATIVE OPTIONS

5.1. The council could choose not to do any preparatory work or analysis on the potential impacts of Brexit, choosing to wait until there is more clarity or certainty from the government on the terms of the 'deal' to exit or future relationship between the UK and the EU. However, this will leave the council ill-prepared to deal with any changes to the way it delivers its services that will come about as a result of exiting the EU and a likely growing uncertainty amongst members of the community and the workforce that are EU residents.

6 CONSULTATION UNDERTAKEN OR PROPOSED

6.1. None.

7 TIMETABLE

7.1. The UK will leave the EU on the 31 October 2019.

7.2. After 31 October 2019: Trade talks can begin between the UK and the EU. While Britain remained a member state, such talks were not permitted under EU law. Under the deal reached in principle in 2018, this is when the 21-month transition period begins. During this time, most aspects of UK membership of the EU will remain in place, including free movement across borders and membership of the customs union and single market. However, Britain will no longer have a vote.

7.3. The closing deadline for applications to be submitted for settled status will be 30 June 2021 or in the event of a no deal withdrawal 31 December 2020.

7.4. Although Britain's departure from the EU has been delayed, the December 31, 2020 date for the end of the transition period has not been changed (assuming there is a deal with the EU).

8 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1. A focus on Brexit has meant a delay in the 2019 Spending Review. A delay to the Spending Review causes uncertainty for local authorities in what level of funding is allocated from government departments. It is highly likely that the formula funding review will be delayed together with the Adult Social care green paper that is already late. This has consequences for financial planning and setting council budgets.

8.2. There is considerable potential for inflationary pressures in the short term, in terms of wages, goods and services, to increase future costs to the council. At this stage it is impossible to plan for what this might be and will therefore need to be met from within the current inflation budgets in the MTFS, but will be kept under constant review to mitigate impact of delivering new savings to offset these costs.

8.3. The council has been allocated £210k in funding for 2019/20 and 2020/21 for costs associated with the departure from the EU. Additional funding of £105k has recently been announced.

8.4. At this point, £51,300 of Brexit funding from government has been allocated to Citizens Advice Merton and Lambeth to deliver a Merton-wide EU Settlement Scheme Service with a dedicated paid specialist Adviser and £10,000 to Adult Social Care to support work with primary home care providers on a local recruitment campaign.

8.5. There could be financial implications related to the council having to bring in specialist advice to understand the potential changes to regulations and legislation.

8.6. There could be financial implications for the council in having to administer a snap General Election, which may not be fully offset by government funding, should the decision be made to call one because of a continued deadlock in negotiations between the UK and the EU on the terms of the exit or on being called as a result of the UK's withdrawal.

9 LEGAL AND STATUTORY IMPLICATIONS

9.1. Over the period of membership, a number of EU laws have been incorporated as part of domestic statute and there is not yet a definitive position on which laws will be kept, amended or repealed. There are a number of pieces of EU legislation that currently affect the way the council delivers its services, including those linked to procurement, waste, recycling, air quality, transport, consumer rights laws and the provision of service regulations.

9.2. There are a number of areas where it is likely to be decided that it is essential or helpful for EU-origin laws to remain and that the council will need to continue to adhere to.

9.3. The far-reaching implications of Brexit have been addressed in this report and as well potential amendments and repeals of legislation; there is the practical impact with regards the fall out of a no deal (or a hard Brexit). There is the effect this will have on the economy and in particular exchange rates and the impact on the contractors/suppliers that the Council is in contract with. In the short term, it is prudent for the council to continue to carry out due diligence exercises on the financial viability of suppliers/contractors with regards contracts which are high risk or high value; staffing issues, whether the company's insurance policies are still in force or void; potential increases in prices of contracts, etc. The council should also continue to consider its contingency plans with regards this area of concern, as well as those areas where EU nationals are directly and indirectly employed, and the other areas identified in this report.

10 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

10.1. The Human Rights Act was passed into UK law in 1998. The human rights contained within this law are based on the articles of the European Convention on Human Rights. The Act 'gives further effect' to rights and freedoms guaranteed under the European Convention. As outlined under the legal and statutory implications section, it remains unclear which EU-origin laws and regulation that the UK will continue to adhere to or seek to repeal.

10.2. Many areas saw a rise in reported hate crime immediately following the referendum result and there is evidence, collected both locally as well as regionally and nationally that shows different European communities expressing concern about the future. In the lead up to, and following the date of the exit of the UK from the EU there could be implications for community cohesion within the borough and the potential for instances of hate crime.

11 CRIME AND DISORDER IMPLICATIONS

11.1. As set out under the community cohesion implications, there is the potential for the UK's exit from the EU to lead to a rise in community tensions and a rise in the number of instances of Hate Crime. Figures showed 3000 allegations of hate crime made to UK police in the week before and after the referendum vote on June 23rd.

11.2. There is the possibility that demonstrations could take place across the UK that may absorb significant amounts of police resource. There may also be a rise in public disorder and community tensions if food and supplies of other products into shops are affected. London, as the seat of the UK Government is likely to attract a higher proportion of protests and politically motivated demonstrations (evidenced in March and April). The impact of demonstration is likely to be higher in London than other parts of the UK.

12 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

12.1. The impact of the UK's exit from the EU has been identified as a key corporate risk in the Key Strategic Risk Register. A no deal Brexit could have significant negative effects on a wide range of council services and businesses as a result of uncertainty and the failure to secure a smooth transition from EU membership. The council's Brexit Task Group will continue to monitor the situation closely.

13 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

Guidance available to Merton Residents about the EU Settlement Scheme

14 BACKGROUND PAPERS

14.1. Cabinet Report 12 November 2018.

14.2. There are a number of articles, briefings and reports that have been used to put together this report, which are hyperlinked to in the document where relevant

Appendix 1: Guidance available to Merton Residents about the EU Settlement Scheme.

Guides (English) for the EU Settlement Scheme:

https://www.gov.uk/settled-status-eu-citizens-families

https://www.gov.uk/government/collections/eu-settlement-scheme-applicant-information#guidance

Guides for caseworkers published by the Home Office:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/791153/Main-EUSS-guidance-29-March-v1.0.pdf?_ga=2.149285938.546651607.1566399069-1626216763.1566310628

EU Settlement Scheme: translated information materials (26 European languages, including Welsh and Irish):

https://www.gov.uk/guidance/settled-status-for-eu-citizens-and-their-families-translations#history

https://www.gov.uk/government/collections/eu-settlement-scheme-translated-information-materials

Information on how to use the EU Exit: ID Document Check App.

https://www.gov.uk/guidance/using-the-eu-exit-id-document-check-app

There is an EU Settlement Resolution Centre that can be contacted to get help:

https://www.gov.uk/contact-ukvi-inside-outside-uk/y/inside-the-uk/eu-settlement-scheme-settled-and-pre-settled-status

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Cabinet
Date: 19 September 2019

Subject: **Financial Report 2019/20 – June 2019**

Lead officer: Roger Kershaw

Lead member: Mark Allison

Recommendations:

A. That Cabinet note the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £0.708 million, 0.13% of gross budget.

B. That Cabinet note the contents of Section 4 of the report

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the financial monitoring report for period 3, 30 June 2019 presented in line with the financial reporting timetable.

This financial monitoring report provides-

- The income and expenditure at period 3 and a full year forecast projection.
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2019/20;
- Progress on the delivery of the 2019/20 revenue savings

2. THE FINANCIAL REPORTING PROCESS

2.1 The budget monitoring process in 2019/20 continues to focus on children's social care, which overspent in 2018/19 and continues to have budget pressures. There will also be focus on adult social care placements where there is continued pressure. Equally budget monitoring will focus on accuracy of forecasting as the 2018/19 outturn underspend demonstrates some over cautious forecasting in certain services. It is equally important to forecast expected underspends as it is overspends to ensure the overall Council forecast position is accurate.

2.2 Chief Officers, together with budget managers and Service Financial Advisers are responsible for keeping budgets under close scrutiny and ensuring that expenditure within budgets which are overspending is being actively and vigorously controlled and where budgets are underspent, these underspends are retained until year end. Any final overall overspend on the General Fund will result in a call on balances; however this action is not sustainable longer term.

2.3 2019/20 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 3 to 30th June 2019, the year-end forecast is a net £0.708m overspend compared to the current budget.

Summary Position as at 30th June 2019

	Current Budget 2019/20 £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s	Outturn variance 2018/19 £000s
Department					
3A.Corporate Services	11,122	10,424	(698)	(766)	(2,511)
3B.Children, Schools and Families	60,933	63,168	2,235	2,845	2,271
3C.Community and Housing	63,752	64,020	268	274	(197)
3D.Public Health	0	0	0	0	0
3E.Environment & Regeneration	15,831	15,401	(430)	(373)	(1,526)
Overheads	0	0	0	0	(33)
NET SERVICE EXPENDITURE	**151,638**	**153,013**	**1,375**	**1,980**	**(1,996)**
3E.Corporate Items					
Impact of Capital on revenue budget	10,481	10,481	0	0	403
Other Central budgets	(19,805)	(20,471)	(667)	0	(6,064)
Levies	949	949	0	0	0
TOTAL CORPORATE PROVISIONS	**(8,375)**	**(9,041)**	**(667)**	**0**	**(5,661)**
TOTAL GENERAL FUND	**143,264**	**143,972**	**708**	**1,980**	**(7,657)**
FUNDING					
Revenue Support Grant	0	0	0	0	0
Business Rates	(44,026)	(44,026)	0	0	0
Other Grants	(8,169)	(8,169)	0	0	0
Council Tax and Collection Fund	(91,070)	(91,070)	0	0	0
FUNDING	**(143,265)**	**(143,265)**	**0**	**0**	**0**
NET	**(1)**	**707**	**708**	**1,980**	**(7,657)**

The current level of GF balances is £13.778m and the minimum level reported to Council for this is £12.53m.

3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	2019/20 Current Budget £000	2019/20 Full year Forecast (June) £000	2019/20 Full Year Forecast Variance (June) £000	2019/20 Full Year Forecast Variance (May) £000	2018/19 Outturn Variance £000
Customers, Policy & Improvement	3,573	3,370	(203)	(143)	(246)
Infrastructure & Technology	11,613	11,649	35	84	(64)
Corporate Governance	2,432	2,358	(74)	(112)	(294)
Resources	5,839	5,501	(338)	(420)	(707)
Human Resources	1,900	1,973	74	18	16
Corporate Other	853	661	(192)	(193)	(1,216)
Total (Controllable)	**26,210**	**25,512**	**(698)**	**(766)**	**(2,511)**

Overview

At the end of period 3 (June) the Corporate Services (CS) department is forecasting an underspend of £698k at year end.

Customers, Policy and Improvement - £203k under

Customer contact is forecasting a £119k underspend due to lower than budgeted licence costs. The licences to be extended are being reviewed and the forecast will be updated accordingly throughout the year. There is a forecast underspend of £39k on cash collections, capturing part of a future year saving early in 2019/20. The translations service has a forecast underspend of £29k, mainly as a result of additional income from internal translation requests compared to the budgeted amount and a vacancy within the team. Merton link is forecasting a £27k underspend owing to various running costs. Marketing and communications have a £45k underspend forecast from less than budgeted spend on the council magazine and graphic design, this is in line with the level of spend in 2018/19. A further £43k underspend is forecast on community engagement, this is a result of maternity leave in the team as well as there being no resident survey planned for 2019/20.

A £40k overspend is forecast on the registrars service relating to various running cost budgets such as ground maintenance and marketing as well as an underachievement of a staffing saving (2019-20 CS05). This is partly offset by the overachievement of income; however, income for 19/20 is expected to be £103k less than that achieved in 18/19 due to the Home Office no longer providing additional work. Additionally, press and PR are forecasting a £30k overspend due to underachievement of income.

Overall the forecast underspend on CPI has increased by £60k from period 2. This is mainly due to the identification of an underspend on customer contact, offset by reduced income forecasts on press and PR and the translation service.

Infrastructure & Technology - £35k over
The main areas of overspend forecast within I&T are telecoms (£109k) due to delays in the PABX telecoms implementation and the Professional Development Centre (Chaucer Centre) (£85k) due to the underachievement of rental income. The business systems team is forecasting a further £10k overspend due to the underachievement of income. Facilities management are forecasting a £24k overspend due to staff budget pressures and the use of agency staff. The corporate print strategy is forecasting a £44k underspend due to less than budgeted multi-functional device (MFD) costs.

Various underspends within the division are partly offsetting the above overspends. IT service delivery is forecasting a £69k underspend due to less than budgeted licence costs and additional recharges to clients. The Civic Centre is forecasting a £29k underspend due to additional rental income and the print and post room are forecasting a £45k underspend with a vacancy held in the team.

The forecast overspend in I&T has reduced by £49k since period 2. This is mainly due to a correction of the corporate print strategy budget following the identification of a historic £44k error.

Corporate Governance – £74k under
The underspend within Corporate Governance is formed of £7k from various running cost budgets held by the AD, £17k from democracy services largely due to a vacancy and £15k inflation. A further £23k underspend is forecast in the information governance team due to vacancies and consultants budget not required in year. The South London Legal Partnership (SLLp) are forecasting a £49k surplus, of which £10k is to be retained by Merton.

The forecast underspend on Corporate Governance has reduced by £38k from the position in period 2. This is due to estimated recruitment costs for replacing the outgoing AD of the division as well as reduced income forecast from LB Richmond as the interim replacement will not be acting as their monitoring officer. The income forecast for SLLp chargeable hours has also reduced from period 2.

Resources - £338k under
There are various underspends forecast within senior management, made up of the Chief Executive's budget (£42k under), Director of Corporate Services (£71k under) and AD Resources (£89k under) due to subscription and consultancy budgets not expected to be required in year.

Accountancy has a £177k overspend forecast on corporate accountancy due to agency spend and additional bank charges being incurred in relation to RingGo payments. Mitigating actions to reduce the additional bank charges are being reviewed and the current forecast represents a worst case scenario at this point. As more information is gathered the updated overspend position will be examined and additional funding required from E&R budgets will be considered. This is part offset by a £16k underspend within budget management due to vacancies within the team.

A £30k overspend is forecast on the financial information system team mainly due to staffing costs, with a business case pending to review ongoing budget pressures within the team.

The insurance and treasury teams are forecasting a £64k underspend due to recovery of insurance premiums and additional recharges to the pension fund, part offset by an underachievement of schools buyback income.

The Merton and Sutton bailiff services are forecasting to underspend by £92k due to additional income in excess of the budget. Benefits administration is forecasting a £217k underspend mainly due to additional income from DWP for various schemes, though this is in part offset by agency spend. There is a forecast overspend of £45k on local taxation services due to various running costs and agency spend which is not fully offset by additional income relating to the cost of collection for NDR and council tax.

The forecast underspend in the resources division has reduced by £81k compared to period 2. This is mainly due to revenues and benefits which in total reduced the underspend position by £100k, primarily as a result of an in-depth quarterly review of the bailiff services identifying increased commission costs and reduced income projections. The income on these services is known to fluctuate throughout the year and will be kept under close review. The remaining change in forecast position is due to the banking cost forecast reducing by £20k.

Human Resources – £74k over

A small underspend on the AD budget is forecast as a result of a vacancy being held for part of the year. Payroll has an underspend forecast of £21k as a result of a restructure in year which captures part of a future year saving early. Occupational health fees are forecast to have a £10k underspend.

Learning and development is forecasting a £41k overspend due to the recruitment in progress for the Head of Organisational Development and HR Strategy and estimated interim agency costs. The underachievement of schools buy back income is also contributing to the HR overspend. A significant budget pressure within HR is from the transactions budget which is currently forecasting a £75k overspend. This is due a £15k budget pressure on DBS recharges to clients which no longer include an internal admin charge as the work is carried out by the London Borough of Kingston and the remainder relates to the shared payroll system and iTrent client team charges, also by the London Borough of Kingston.

Overall the HR overspend has increased by £56k, mainly due to increased recruitment costs, the forecasting of interim agency cover for two senior management posts and the implementation and licence cost of a new recruitment system.

Corporate Items - £192k under

The Housing Benefit budget shows a forecast surplus of £1.23m on the account against a budgeted surplus of £1m. The unbudgeted surplus relates to an underspend against the budget to top-up the bad debt provision, part offset by an overpayment recovery shortfall.

The Coroners Court is forecasting an overspend, pending updated information from Westminster on additional charges. This part offsets with additional income from the Magistrates court.

The forecast underspend on corporate items has changed by only £1k since period 2.

Environment & Regeneration

Environment & Regeneration	2019/20 Current Budget	Full year Forecast (June)	Forecast Variance at year end	Forecast Variance at year end	2018/19 Outturn Variance

			(June)	(May)	
	£000	£000	£000	£000	£000
Public Protection	(13,064)	(13,466)	(402)	(124)	(753)
Public Space	14,682	14,986	304	70	(1,449)
Senior Management	975	987	12	(38)	(17)
Sustainable Communities	8,074	7,730	(344)	(281)	694
Total (Controllable)	**10,667**	**10,237**	**(430)**	**(373)**	**(1,525)**

Description	2019/20 Current Budget £000	Forecast Variance at year end (June) £000	Forecast Variance at year end (May) £000	2018/19 Variance at year end £000
Overspend within Regulatory Services	552	76	116	112
Underspend within Parking Services	(14,487)	(669)	(452)	(964)
Overspend within Safer Merton & CCTV	871	191	212	99
Total for Public Protection	**(13,064)**	**(402)**	**(124)**	**(753)**
Overspend within Waste Services	13,716	321	113	(1,611)
Underspend within Leisure & Culture	416	(35)	0	(222)
Underspend within Greenspaces	1,245	(58)	(119)	145
Overspend within Transport Services	(695)	76	76	239
Total for Public Space	**14,682**	**304**	**70**	**(1,449)**
Overspend within Senior Management & Support	975	12	(38)	(17)
Total for Senior Management	**975**	**12**	**(38)**	**(17)**
Underspend within Property Management	(2,792)	(472)	(340)	368
Overspend within Building & Development Control	4	118	109	275
Overspend within Future Merton	10,862	10	(50)	51
Total for Sustainable Communities	**8,074**	**(344)**	**(281**	**694**
Total Excluding Overheads	**10,667**	**(430)**	**(373)**	**(1,525)**

Overview

The department is currently forecasting an underspend of £430k at year end. The main areas of variance are Parking Services, Safer Merton & CCTV, Waste Services, and Property Management.

Public Protection

Parking Services underspend of £669k

The underspend is mainly as a result of additional penalty charge notices being issued, following the implementation of the ANPR system across the borough (£1,179k), and P&D income (£483k).

Any increase in parking charges will inevitably have an effect on parking income behaviour and reduce car usage. The Public Health, air quality and sustainable transport – a strategic approach to parking charges report sets out a series of measures to improve air quality, encourage changed behaviours that will impact on public health and active travel, as well as dealing with congestion and demand for kerbside space across the Borough. As such, the current Medium Term Financial Strategy (MTFS) savings of £1.9m in 2019/20 and a further £1.9m in 2020/21 reflect assumptions on estimated demand across each income stream e.g. resident permits, visitor permits etc. These are a best estimate at this stage taking into account the changes proposed and the potential changes in motorist behaviour that we expect to see.

The estimated 19/20 income of £1.9m was based on an implementation date of 1st October 2019. This has now been extended due to further consideration of the proposals. As the implementation date for the revised charges is still subject to Cabinet approval and subject to change, the forecast reflects a prudent approach to the likely implementation date, and associated income of £950k.

Included within this forecast is an employee related overspend of £107k due to a combination of savings not yet implemented and increased demand.

There have been delays in implementing all of the parking savings to date. In terms of ANPR, there was an initial assumption that there would be a peak in the processing work and, balanced with on-going compliance, the processing volume would drop. However, although the section still expects compliance to further increase, it has not yet occurred to the level expected as processing volumes remain above estimated levels, leading to the need to continue to employ additional agency staff.

Safer Merton & CCTV overspend of £191k
The section is forecasting to overspend on annual network and connection costs by £28k, and by c£40k on one-off CCTV upgrade and relocation costs. In addition, the CCTV section has a 2019/20 saving of £100k relating to charging local businesses for monitoring of their CCTV, which will not be achieved, coupled with the underachievement of its current income budget by £44k.

The CCTV budgets are currently being reviewed by the Safer Merton & CCTV manager and the AD of Public Protection in order to mitigate these pressures, which may include an alternative saving being presented to Cabinet in due course.

<u>Public Space</u>

Waste Services overspend of £321k
The section is forecasting to overspend on its employee costs by £93k, which is mainly due to a delay in fully implementing a 2018/19 saving (ENR6), and the temporary employment of a Public Space Inspector for six months to provide greater resilience in the monitoring of our service provider performance.

The section is also forecasting to overspend on its waste collection and street cleansing contract by £403k. This is largely due to the non-budgeted internal debt charge of £676k, along with recharges for additional services being undertaken by the service provider.

These pressures are being partially mitigated by a forecast underspend on disposal costs of £226k.
Following the introduction of the new wheelie bin service we have seen a significant reduction in the level of general refuse being collected and disposed of through our Energy Waste facility at Beddington, alleviating the need for landfill and the associated landfill tax charges.

Over this period, we have seen a 12% reduction in refuse, which equates to a monthly average reduction of over 450 tonnes per month. The main contributor to this success is the increase in food waste participation, which has seen an increase of over 70% or 191 tonnes per month.

Sustainable Communities

Property Management underspend of £472k
The principal reason for the forecast underspend relates to exceeding the commercial rental income expectations by £658k, which includes £150k of one-off income from conducting the backlog of rent reviews in line with the tenancy agreements.

This is being partially offset by an overspend of £92k on premises related expenditure, for example, utility and repairs & maintenance costs. In addition, a £50k overspend is being forecast relating to external valuations to support asset valuations.

Children Schools and Families

Children, Schools and Families	2019/20 Current Budget £000	Full year Forecast Jun £000	Forecast Variance at year end (Jun) £000	Forecast Variance at year end (May) £000	2018/19 Variance at year end £000
Education	22,985	23,509	524	618	(37)

Social Care and Youth Inclusion	21,562	23,991	2,429	2,942	3,211
Cross Department budgets	519	516	(3)	0	(20)
PFI	8,573	8,228	(345)	(345)	(354)
Redundancy costs	2,183	1,813	(370)	(370)	(529)
Total (controllable)	**55,822**	**58,057**	**2,235**	**2,845**	**2,271**

Overview

At the end of June, Children Schools and Families forecast to overspend by £2.235m on local authority funded services, a reduction in overspend of £610k from May's outturn forecast. The overspend is mainly due to the volatile nature of placement and SEN transport budgets, and the current volume of CSC activity and Education, Health and Care Plan (EHCP) requests. Despite an increasing population, Merton has managed to hold steady our number of children in care through a combination of actions, which are detailed in the management action section below. However, EHCP numbers continue to rise.

The CSF department received £500k growth for 2019/20 which was all allocated against the SEN transport cost due to the continuing pressure in this area.

Local Authority Funded Services

Significant budget variances identified to date are detailed in the table below:

Description	**Budget £000**	**Jun £000**	**May £000**	**2018/19 £000**
Procurement & School organisation	594	(191)	(207)	(411)
SEN transport	4,705	978	978	1,223
Early Years services	3,171	(136)	0	(349)
Other small over and underspends	14,515	(127)	(153)	(500)
Subtotal Education	**22,985**	**524**	**618**	**(37)**
Fostering and residential placements (ART)	7,111	696	871	1,057
Un-accompanied asylum seeking children (UASC)	75	601	658	488
Community Placement	0	500	500	500
No Recourse to Public Funds (NRPF)	21	141	141	301
MASH & First Response staffing	1,618	233	346	354
Legal costs	526	264	251	280
Other small over and underspends	12,211	(6)	175	231
Subtotal Children's Social Care and Youth Inclusion	**21,562**	**2,429**	**2,942**	**3,211**

<u>Education Division</u>

The procurement and school organisation budget is forecast to underspend by £191k because of lower spend on revenuisation budgets. This budget relates to the revenue cost of construction projects and is affected by slippage of capital schemes. The majority of this is required for temporary classrooms due to rising pupil demand when it is not viable to provide permanent buildings.

The SEN transport budget is forecast to overspend by £978k. The forecast for maintained school taxis is £3.535m, circa £250k more than last year. This is our best estimate based on the information available at the end of June. More work is being undertaken to forecast the full year effect of the packages that started from September 2018. A more accurate forecast for the current financial year is expected in October once all the changes of the new academic year have been procured. The current estimated cost does not include a forecast for new placements that may be required during the year. To support the cost pressure in this area, the £500k growth allocated to the department in 2019/20 has been allocated against this budget.

As part of management action to reduce the overall in-year departmental overspend, where possible in the Early Years' service, recruitment to vacancies are being delayed. At the end of June this is estimated to result in a £136k underspend.

There are various other small over and underspends forecast across the division netting to a £127k underspend. These combine with the items described above to arrive at the total divisional overspend forecast of £524k.

<u>Children's Social Care and Youth Inclusion Division</u>
At the end of June, Merton had 161 looked after children (LAC). This is an increase of 13 children from May. This impacted on placements as detailed in the section below but is mainly due to a net increase of 11 in-house Foster Carer placements.

Overview	**2015/16**	**2016/17**	**2017/18**	**2018/19**
Number of children in care as at 31st March	163	152	154	160
Of which UASC	22	20	28	34
Rate per 10,000	35	33	33	34
London Rate	51	50	49	tbc
England Rate	60	62	64	tbc

The complexity of a significant proportion of cases is causing cost pressures as detailed below.

Service	**Budget £000**	**Jun spend £000**	**Variance**		**Placements**	
			Jun £000	**May £000**	**Jun No**	**May No**
Residential Placements	2,306	2,006	(300)	300	14	17
Independent Agency Fostering	1,753	1,953	200	200	34	32
In-house Fostering	992	1,696	704	434	73	62
Secure accommodation	138	138	0	0	2	2
Mother and baby	103	103	0	0	0	0
Supported lodgings/housing	1,819	1,911	92	(63)	61	58
Total	**7,111**	**7,807**	**696**	**871**	**184**	**171**

The ART service seeks to make placements with in-house foster carers wherever possible and in line with presenting needs, however, the capacity within our in-house provision and the needs of some looked after children mean that placements with residential care providers or independent fostering agencies are required. Some specific provision is mandated by the courts.

The placement forecast includes a prediction of costs expected for known placements as well as an estimated cost for movement in placements, including new cases, expected during the year. These assumptions are reviewed and updated every month and estimates adjusted accordingly to provide our best estimate of full year costs.

- The Residential placement expenditure is forecast to underspend by £300k at the end of the financial year. We had 14 residential placements (including 9 respite) in June. The net reduction of £600k is due to 3 placements ending (2 placements moved to semi-independent and one moved to in-house fostering) and forecasting the cost implications of one child who will become 18 during this year and one child who will be moving into an education placement soon.
- The Independent Agency Fostering expenditure is forecast to overspend by £200k. We currently have 34 placements. An increase in predicted cost due to having 3 new placements and one ending in June was offset by a reduction in our forecast of future placement changes.

- The In-house Foster carer expenditure is forecast to overspend by £804k. We currently have 73 placements. The increase of £370k from May is due to a combination 12 new placements, 1 placement ending and a forecast of additional placements expected during the remainder of the financial year. On balance, in-house foster care is more cost effective than other types of placement, so if we are successful in moving more children to in-house placements, we would expect to see this overspend increase, but some offset in other budget areas.
- The Youth Justice secure accommodation expenditure is projected to be on budget in June. We have 2 placements in June but are forecasting for additional placements expected by the end of financial year.
- The mother and baby assessment unit expenditure is forecast to spend to budget for the current financial year.
- We are forecasting that the budget for the semi-independent accommodation and supported lodgings/housing placements will overspend by £92k. We currently have 61 placements. The increase in cost is due to having 6 new placements while 3 placements ended in June, as well as including additional cost for forecast of future placement changes.
- At the end of June, UASC placements and previous UASC that are now Care Leavers were forecasting to overspend by £601k, down from £658k in May.

Service	Budget £000	Jun spend £000	Variance Jun £000	Variance May £000	Jun No	May No
Independent Agency Fostering	380	470	90	89	11	11
In-house Fostering	0	543	543	534	26	24
Supported lodgings/housing	170	675	505	572	25	26
UASC grant	(475)	(1,012)	(537)	(537)		
Total	**75**	**676**	**601**	**658**	**62**	**61**

At the end of June, we had 30 placements for UASC young people under 18 in foster care. We also had 7 previous UASC that are now care leavers in foster placements. This will increase over the next few months due to the administration's commitment to increase the quota under the national transfer scheme to 37 (0.08% of the child population). Merton receives UASC grant towards these placements although it is not sufficient to recover the full costs.

Merton had 37 young people aged 18+ who were formerly UASC in our care at the end of June, 7 in foster care, 25 in semi-independent accommodation and 5 who received non-accommodation related support. Once UASC young people reach age 18, we retain financial responsibility for them as Care Leavers until their immigration status is agreed.

We are currently forecasting to 'over-achieve' our UASC grant income by £537k. This is based on the funding Merton received last year. Rate increases have been announced and these need to be forecast to enable both grant and expenditure budgets to be adjusted.
We accrued £500k at year-end for the un-budgeted community placement and are estimating that these costs will be the same in the current financial year. This provision relates to a complex case currently under discussion between the CCG and the local authority. The figure is our best current estimate and is subject to change as we are still in negotiation. Forecast costs are currently based on an interim arrangement in place while further work is undertaken to secure the right long term support arrangements, although it may not be possible to establish permanent arrangements until the young person is an adult.

The NRPF budget is forecast to overspend by £141k in the current financial year. This is £160k less than last year's overspend. The NRPF worker is working closely with housing colleagues to manage cases as they arise and also reviews historic cases to identify ones where claimant circumstances have changed and they can therefore be stepped down from services. We continue to use the

Connect system to progress cases and continue to review open cases with the aim to limit the cost pressure on the council. Strong gate-keeping has resulted in a reduction of overall numbers from a peak of 30 in 2016/17 to a current caseload of 11.

We are forecasting to overspend by £233k on the MASH and First Response teams' staffing costs. This is because the team is covering 14 vacancies out of an establishment of 30 (excluding Common and Shared Assessments and management also included in this service area on iTrent) with agency staff due to difficulty in recruiting permanent members of staff in this area.

Legal costs are forecast to overspend by £264k. This cost relates to third party legal fees including Counsel, court and medical fees as well as independent expert witness and Family Drug and Alcohol Court (FDAC) costs. The investment in the FDAC is intended to reduce placement costs due to fewer children coming into care. The evidence is that this is effective in those cases that go through the FDAC process, but that this is more than offset by increases in other placement costs.

There are various other small over and underspends forecast across the division netting to a £6k underspend. These combine with the items described above to arrive at the total divisional forecast overspend of £2.429m.

Dedicated Schools Grant (DSG)

DSG funded services are forecast to overspend by £8.068m. The DSG had a cumulative overspend of £2.909m at the end of 2018/19. The overspend in the current financial year will be adding to this balance, currently estimated at £10.98m in total.

The main reason for the variance relates to a £5.154m overspend on Independent Day School provision. This is a £1.472m increase from May 2019. The reason for the increase is that we are forecasting for the first time the full year effect of new placements that started last year. At the end of June there were 216 placements which is expected to further increase with additional placements in the current year. We are seeking to increase the number of local maintained special school places in the borough, in order to reduce these costs, but it will take time to bring these places on stream. Based on the number of new EHCPs still being awarded, we would expect this cost to still increase towards year-end and the £10.98m cumulative deficit to increase further.

Other overspends include £953k on EHCP allocations to Merton primary and secondary schools, £1.187m on EHCP allocations to out of borough maintained primary, secondary and special schools, and £1.109m on one-to-one support, OT/SLT and other therapies as well as alternative education.

The table below shows the increase in number of EHCPs over the past 4 years as the entitlement changed. At the end of June 2019 there were 1,836 EHCPs.

Type of provision	Jan 2016 Total Statements and EHCPs		Jan 2017 Total Statements and EHCPs		Jan 2018 Total Statements and EHCPs		Jan 2019 Total Statements and EHCPs	
	No	%	No	%	No	%	No	%
Early Years (inc. Private & Voluntary Settings)	0	0%	1	0%	7	0%	7	0%
Mainstream School (inc. Academies)	422	39%	461	37%	526	35%	584	34%
Additional Resourced Provision	110	10%	111	9%	116	8%	125	7%
State Funded Special School	358	33%	388	31%	416	27%	440	26%
Independent Schools	132	12%	153	12%	176	12%	228	13%
Post 16 College and traineeships	25	2%	93	7%	183	12%	212	12%
Post 16 Specialist	10	1%	25	2%	44	3%	37	2%
Alternative Educative	15	1%	10	1%	22	1%	28	2%
No placement (including NEET)	3	0%	0	0%	28	2%	51	3%
Total	**1075**	**100%**	**1242**	**100%**	**1518**	**100%**	**1712**	**100%**

There are various other smaller over and underspends forecast across the DSG netting to a £335k underspend which, combined with the items above, equates to the net overspend of £8.068m. This will be added to Merton's negative reserve and conversations continue with government over the funding of this.

We continue to keep abreast of proposed changes to the National Funding Formula, especially in relation to risks associated with services currently funded by de-delegated elements of the DSG. We are also working with other authorities on the deficit DSG issue and have responded to the national consultation relating to the treatment of DSG deficits.

The Early Years block of the DSG is normally adjusted in the June following the end of the financial year as it is based on January census information. We are not in a position to estimate this adjustment until year-end.

Although the pressures on the high needs block are clear from the budget monitoring figures highlighted above and continue into 2019/20, some schools are also having trouble in setting balanced budgets with the funding provided to them through the funding formula. The number of schools setting deficit budgets has reduced from 14 in 2018/19 to 13 in 2019/20. There are various reasons for schools requiring to set deficit budgets including unfunded non-teacher pay increases, increased costs relating to children that require additional support but do not meet statutory thresholds for additional funding, reduction in pupil numbers and reduced levels of reserves that schools would previously have used to balance their budgets.

Merton has been working in conjunction with Association of Directors for Children's Services (ADCS), Society for London Treasurers (SLT), London Councils and the Children's Commissioner to lobby Central Government for additional funding. All commissioned analysis shows that the funding short is a national issue which requires additional grant funding.

Management action

<u>Staffing report</u>
We have further reduced the use of agency by continuing to impose a three month recruitment drag, where appropriate, for non-social work posts. We continue to prioritise meeting our statutory duties when determining whether recruitment drag may be applied to any vacant post.

<u>Placements</u>
We continue to use the Panel processes to provide an overview of the use of IFAs as well as continuing our scrutiny on residential children's home placements.

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers who will offer locally based placements with a campaign targeted at attracting foster carers for teenagers and UASC young people. After a successful year of fostering recruitment last year, we have had a less buoyant start to this year. We have recruited 3 new foster carers this year so far. However, the target for this financial year is to recruit 20 new foster carers, so we will need to pick up pace if we are to succeed in meeting the target.

Our aim is to slow down the increase in more expensive agency foster placements. In addition, we are implementing actions to retain our experienced existing foster carers such as increasing the support offer to them through the trauma based training and support to enable them to agree to foster, and to keep fostering children with more challenging behaviours in placement and by implementing the Mockingbird Model. We are also targeting our recruitment to increase our number of in-house mother and child foster placements.

Our ART Placement service is working with providers to establish more local provision and offer better value placements to the Council. We continue to convene the Semi-Independent

Accommodation (SIA) Panel that will record costs incurred. We are working to identify our Housing Benefit payments and what we should be getting and what are the actuals received. This work is continuing with the aim to further reduce under-achievement of housing benefits during this year.

We have contracted with a provider to block purchase five independent units for care leavers aged 18+ to act as a step down into permanent independent living. Building on these cost reductions, we expect to be able to procure further placements of this type in 2019/20 and 2020/21.

We have updated our Staying Put policy for young people aged 18+ to enable them to remain with their foster carers in line with statutory requirements and as recommended by Ofsted in our 2017 inspection. However, the increased use of Staying-Put for young people aged 18+ impacts on available placements for younger teenagers, therefore highlighting again the need for targeted recruitment for foster carers for teenagers and unaccompanied asylum-seeking young people. We continue to focus our foster carer recruitment on carers for teenagers to mitigate these potential additional costs.

<u>Children with additional needs</u>
We are working with colleagues in CCGs through the tripartite process in order to secure appropriate health contribution to funding for children with complex needs, particularly through continuing healthcare (CHC) funding. This is an area we need to improve with closer working with the CCG a focus going forward. This will mainly affect the CWD budget as many of the children discussed will be placed at home with shared packages of care. Details of any arrangements made will be recorded and reflected in budget returns.

We have tried to reduce costs associated with SEND transport through a number of strategies but this is a continuing challenge with the increasing numbers of children eligible for this service. Strategies introduced include: the introduction of a dynamic taxi purchasing system; the re-provisioning of taxi routes to ensure best value for money; the introduction of bus pick up points where appropriate; promotion of independent travel training and personal travel assistance budgets where this is option is cheaper.

We have a multi-agency SEND panel providing strategic oversight of the statutory assessment process to ensure that at both a request for assessment stage and the agreement of a final EHCP, criteria and thresholds are met and the best use of resources is agreed.

To limit the increased costs, to the DSG High Needs block, of the increased number of children with EHCPs we have expanded existing specialist provision and have approved a contract to expand Cricket Green special school. We have increased Additionally Resourced Provision (ARP) in Merton mainstream schools and have further plans for new ARP provision and expansion of existing bases. Additional local provision should also assist with minimising increases to transport costs.

We are also part of a South West London consortium, which uses a dynamic purchasing system for the commissioning of specialist independent places, this enables LAs together to challenge any increases in cost and ensure best value for money in the costs of these placements, although there is evidence that other LAs are not making best use of this and it is likely to be decommissioned.
New burdens

There are a number of duties placed on the Local Authority that have not been fully funded or not funded at all through additional burdens funding from Central Government. Excluding the cost of these duties would leave a net departmental overspend of £627k; however that figure masks substantial one off windfalls and non-recurrent and recurrent management action. The table below highlights the continued estimated overspends relating to these unfunded duties:

Description	Budget £000	Jun overspend forecast £000	May overspend forecast £000	2018/19 over £000
Supported lodgings/housing- care leavers	1,819	92	(63)	52
Supported lodgings/housing- UASC	170	742	572	774
UASC	380	633	623	211
No Recourse to Public Funds (NRPF)	21	141	141	301
Total	**2,390**	**1,608**	**1,273**	**1,338**

Following changes introduced through the Children & Social Work Act, local authorities took on new responsibilities in relation to children in care and care leavers. Local authorities are required to offer support from a Personal Adviser to all care leavers to age 25. There has been no on-going funding for the additional work required.

Other unfunded burdens include:

- the increase in the age range of EHCPs, particularly for those young people aged 18-25, due to legislation changes, which is causing cost pressures in both the general fund (in education psychology and SEN transport) and the DSG (High Needs Block costs relating to most EHCP services);
- new statutory duties in relation to children missing from education have increased the cases dealt with by the Education Welfare Service by 79% (from 290 in the 6 months from September to March 2016 to 519 in the same 6 months the following year and the level of referrals has remained at this level).
- SEND tribunals will cover all elements of children care packages, not just education.
- New requirement of social work visits to children in residential schools and other provision.
- Further new burdens are expected for 2019/20 including the DfE requirement for new assessment process for all social workers (National Assessment and Accreditation System).

Community and Housing

Overview

Community & Housing is currently forecasting an over spend of £268k as at June 2019. There are forecast overspends in Adult Social Care £163k, Libraries £33k and Housing £72k. Public Health and Merton Adult Learning are currently forecasting a breakeven position.

Community & Housing Summary Outturn Position

Community and Housing	2019/20 Current Budget £000	2019/20 Forecast £'000	2019/20 Forecast Variance (June'19) £000	2019/20 Forecast Variance (May'19) £000	2018/19 Outturn Variance £000
Access and Assessment	45,199	45,255	56	(34)	(258)
Commissioning	4,449	4,376	(73)	(159)	(5)
Direct Provision	4,700	4,731	31	56	6
Directorate	1,142	1,291	149	137	90
Adult Social Care	**55,490**	**55,653**	**163**	**0**	**(167)**
Libraries and Heritage	2,186	2,219	33	51	45
Merton Adult Learning	(8)	(8)	0	0	0
Housing General Fund	1,905	1,977	72	223	(73)
Sub-total	**4,083**	**4,188**	**105**	**274**	**(195)**
Public Health	**(148)**	**(148)**	**0**	**0**	**0**
Grand Total	**59,425**	**59,693**	**268**	**274**	**(195)**

Adult Social Care
Access & Assessment - £56k overspend

The department is a demand led service governed by national eligibility criteria. There was a steady decrease in spend on care placements during 2018/19 due to careful management of the budget. However, the expected pressure on placements has started to show as demonstrated by the small increase in demand to June 2019.

This pressure is currently offset by increased income, including from the Integration Better Care Fund (iBCF), and managed underspends on non-care budgets. The department will continue to track the detailed trends on a monthly basis, which will inform actions to ensure the budget remains balanced.

It is however important to note that included in Adult Social Care income is £300k Independent Living Fund (ILF) grant which ceases next year; thus from 2020-21 this will be an additional pressure as it currently support the cost of previous ILF customers costing the service £800k per annum.

The table below shows areas of significant expenditure in Access & Assessment

Access & Assessment	Forecast Variance June 19 £000	Forecast Variance May19 £000	Outturn Variances March 19 £000
Underspend on Concessionary Fares-(taxi-cards scheme)	(88)	(88)	(42)
Equipment	121	88	95
Other- Incl. (Employee Related & Premises)	(183)	(93)	(104)
Placements & Placements Other	2,195	2,046	1,111
Income (IBCF & ILF)	(1,989)	(1,987)	(1,318)
Total	**56**	**(34)**	**(258)**

This service is currently undergoing a restructure as part of its transformation programme.

<u>Direct Provision-£31k overspend</u>

The Direct Provision service has forecast an overspend of £31k to June 2019. The service continues to have issues with overspend on salaries especially on internal residential homes and day centres. The service plans to review forecasts and budget allocation to ensure that each area has sufficient budget to provide a service.
There was a one-off additional expenditure due to increased need at Riverside residential home which was unavoidable, but has now ended.

<u>C&H-Other Services</u>

<u>Libraries-£33k overspend</u>

The library service is currently forecasting an overspend of £33k which is a reduction of £18k since May's report. The service continues to seek ways to increase its income. However, there are on-going budget pressures due to the cost of security staff and electricity usage.

<u>Merton Adult Learning – Breakeven</u>

Merton Adult Learning is currently forecasting a breakeven position.

<u>Housing - £72k overspend</u>

Housing, like social care, is a demand led service and continues to deliver statutory functions in line with Housing Act provisions. As at June 2019 the service is forecasting an overspend of £72k which is a reduction since the May 2019 forecast.

This figure reflects an additional payment of housing benefit which was welcomed income but is likely to be a one-off event. It remains the case that the budget will be subject to fluctuations to reflect numbers of households being admitted into temporary accommodation, numbers of households leaving temporary accommodation and the income received from households living in temporary accommodation via Housing Benefit and the corresponding budget implications flowing from temporary accommodation subsidy.

Since the introduction of the Homelessness Reduction Act 2017 (HRA), the service is required to deliver homelessness prevention activities, and the prevention of homelessness remains a central plank to the work of the team and contributes to the wider prevention agenda of the council and seeking to ensure that residents are able to continue to live in their homes and avoid the trauma that a homelessness episode brings

The service has also secured grant funding from central government to undertake a rough sleeping initiative in Merton. This grant is to be utilised to commission outreach, accommodation for rough sleepers and the creation of a rough sleepers' hub.

Prevention Activities Under taken as Part of the New Burdens for Housing

The table below shows the number of homelessness prevented to June 2019

Period	Homelessness Prevention Targets 2019-20
Full Year Target	450
Target YTD	113
Achieved – Apr'19	57
Achieved - May'19	86
Achieved – June'19	118

Activities undertaken to prevent homelessness:-

- Rent rescue
- Rent Deposits
- Landlord liaison and negotiation with excluder
- Referrals to landlords, hostels and supported housing providers

Analysis of Housing and Temporary Accommodation Expenditure

The table below shows the analysis of the housing expenditure to June 2019

Housing	Budget 2019/20 £000	Forecast (June'19) £'000	Forecast Variances (June'19) £'000	Forecast Variances (May'19) £000	Outturn Variances (March'19) £000
Temporary Accommodation-Expenditure	2,368	2955	587	588	562
Temporary Accommodation-Client Contribution	(140)	(600)	(460)	(460)	(518)
Temporary Accommodation-Housing Benefit Income	(2,005)	(2,436)	(431)	(147)	(26)
Temporary Accommodation-Subsidy Shortfall	322	1,104	782	618	455
Temporary Accommodation-Grant	0	(450)	(450)	(450)	(531)
Subtotal Temporary Accommodation	**544**	**571**	**27**	**149**	**(58)**
Housing Other Budgets-Over/(under)spend	1,361	1,406	45	74	(15)
Total	**1,905**	**1,977**	**72**	**223**	**(73)**

The change in variance between May and June is due to a forecasted increase in housing benefit income, subsidy and new grant.

Temporary Accommodation (TA) movement to June 2019

The data below shows the total number of households (i.e. families and single occupants) in temporary accommodation as at June 2019.

Temporary Accommodation	Numbers IN	Numbers OUT	Total for the Month
March 2017	**-**	**-**	**186**
March 2018	**16**	**16**	**165**
March 2019	**15**	**11**	**174**
April 2019	**15**	**11**	**178**
May 2019	**15**	**16**	**177**
June 2019	**11**	**18**	**170**

There was a net decrease of 4 since March 2019.

<u>Public Health -Breakeven</u>

Public Health is forecasting a breakeven position as at June 2019. A further £276k (2.6%) grant reduction has been mitigated by budget cuts and efficiencies across Public Health. The service is however anticipating potential budget pressure in the Sexual Health and Substance Misuse services during 2019-20. Further details will be made available once the amount is quantifiable. A progress report from the City of London has been received but indicative costs are not yet finalised.

The service also has salary budget pressures due to maternity cover in order to maintain team capacity to undertake work on the transformation agenda.

<u>Corporate Items</u>

The details comparing actual expenditure up to 30 June 2019 against budget are contained in Appendix 2. Based on expenditure and income as at 30 June 2019 there is an underspend of £0.667m forecast on corporate items as summarised in the following table:-

Corporate Items	Current Budget 2019/20 £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s	Outturn Variance 2018/19 £000s
Impact of Capital on revenue budget	**10,481**	**10,481**	**0**	**0**	**403**
Investment Income	(664)	(977)	(313)	0	(364)
Pension Fund	3,429	3,429	0	0	(254)
Pay and Price Inflation	1,327	1,327	0	0	(1,122)
Contingencies and provisions	4,810	4,710	(100)	0	(3,366)
Income Items	(1,503)	(1,758)	(254)	0	(956)
Appropriations/Transfers	(4,300)	(4,300)	0	0	(6)
Central Items	**3,100**	**2,432**	**(667)**	**0**	**(6,068)**
Levies	949	949	0	0	0
Depreciation and Impairment	(22,903)	(22,903)	0	0	4
TOTAL CORPORATE PROVISIONS	**(8,374)**	**(9,041)**	**(667)**	**0**	**(5,661)**

There are three reasons for the forecast underspend:-

a) The first quarter review of the investment income forecast indicates that there will be increased income of £0.313m above the budget. This is due to an increase in investment rates and the balance under investment.
b) It is estimated that half of the budget of £0.200m provided to cover for loss of income arising from the closure of car parking on the P3/P4 sites will not be required.
c) Following closure of the 2018/19 accounts some credit balances totalling £0.254m have been credited to the miscellaneous income budget.

4 Capital Programme 2019-23

4.1 The Table below shows the movement in the 2019/23 corporate capital programme since the last meeting of Cabinet:

Depts	Current Budget 19/20	Variance	Revised Budget 19/20	Current Budget 20/21	Variance	Revised Budget 20/21	Revised Budget 21/22	Variance	Revised Budget 21/22	Revised Budget 22/23	Variance	Revised Budget 22/23
CS	32,162		32,162	4,210		4,210	3,870	0	3,870	15,967	0	15,967
C&H	1,196		1,196	1,118		1,118	913	0	913	882	0	882
CSF	9,661		9,661	5,418		5,418	3,150	0	3,150	1,900	0	1,900
E&R	14,620		14,620	7,782		7,782	7,504	0	7,504	4,401	0	4,401
TOTAL	**57,639**	**0**	**57,639**	**18,528**	**0**	**18,528**	**15,437**	**0**	**15,437**	**23,149**	**0**	**23,149**

4.2 The table below summarises the position in respect of the 2018/19 Capital Programme as at June 2019. The detail is shown in Appendix 5

Capital Budget Monitoring June 2019

Department	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Corporate Services	275,022	383,000	(107,978)	32,162,170	31,742,170	(385,000)
Community and Housing	145,757	150,000	(4,243)	1,196,240	996,240	(200,000)
Children Schools & Families	1,549,597	1,641,000	(91,403)	9,660,470	9,660,030	(440)
Environment and Regeneration	299,757	607,129	(307,372)	14,620,470	14,620,469	(1)
Total	**2,270,133**	**2,781,129**	**(510,996)**	**57,639,350**	**57,018,910**	**(585,440)**

a) Corporate Services – Only one budget manager is projecting an underspend on their budgets this is on business systems. The projected £385k underspend is due to a housing scheme that is likely to be delayed to next financial year (£400k) this is offset slightly by a projected £15k overspend on the Planning and Public Protection System.

b) Community and Housing – All budget managers are projecting a full year spend apart from West Barnes Library Re-Fit which is showing a £200k underspend, officers are currently considering how best to progress this scheme and will profile the budget spend once this is decided as part of September/October monitoring. There are no proposed amendments to departmental budgets this month.

c) Children, Schools and Families – All budget managers are projecting full spend on their budgets, considerable spend is undertaken over the summer holidays and a detailed review of budgets is undertaken once this spend is completed as part of Autumn monitoring.

d) Environment and Regeneration – All budget areas are projecting full spend and no adjustments are being progressed as part of this monitoring report.

It is envisaged that additional funding will be required for the Bishopsford Road Bridge; regular updates will be provided as part of the monitoring report. Financial liability from this scheme will be funded from the Corporate Capital Contingency of £4.8 million held in 2022-23.

4.3 The table below compares capital expenditure (£000s) to June 2019 to that in previous years':

Depts.	Spend To June 2016	Spend To June 2017	Spend to June 2018	Spend to June 2019	Variance 2016 to 2019	Variance 2017 to 2019	Variance 2018 to 2019
CS	79	195	652	275	196	80	(377)
C&H	(26)	98	176	146	172	48	(30)
CSF	699	367	548	1,550	850	1,183	1,001
E&R	1,051	1,625	2,300	300	(751)	(1,325)	(2,001)
Total Capital	**1,803**	**2,285**	**3,677**	**2,270**	**467**	**(15)**	**(1,407)**

Outturn £000s	30,626	32,230	31,424	
Budget £000s				57,639
Projected Spend June 2019 £000s				57,019
Percentage Spend to Budget				3.94%
% Spend to Outturn/Projection	5.89%	7.09%	11.70%	3.98%
Monthly Spend to Achieve Projected Outturn £000s				6,083

4.4 June is one quarter of the way through the financial year and departments have spent just under 4% of the budget. Spend to date is lower than two of the three previous financial years shown.

Department	Spend To May 2019 £000s	Spend To June 2019 £000s	Increase £000s
CS	95	275	180
C&H	65	146	81
CSF	693	1,550	857
E&R	110	300	190
Total Capital	**963**	**2,270**	**1,307**

4.5 During June 2019 officers spent £1.307 million, which highlights that it is highly unlikely that a projected Authority wide spend of just over £57 million will be achieved. Time will be spent with budget managers to re-profile budgets into subsequent financial years.

5. DELIVERY OF SAVINGS FOR 2019/20

Department	Target Savings 2019/20	Projected Savings 2019/20	Period 3 Forecast Shortfall	Period Forecast Shortfall (P3)	Period 2 Forecast Shortfall	2020/21 Expected Shortfall
	£000	£000	£000	%	£000	£000
Corporate Services	1,484	1,439	45	3.0%	45	30
Children Schools and Families	572	572	0	0.0%	0	0
Community and Housing	1,534	1,383	151	9.8%	151	0
Environment and Regeneration	3,370	2,131	1,239	36.8%	1,234	100
Total	**6,960**	**5,525**	**1,435**	**20.6%**	**1,430**	**130**

Appendix 6 details the progress on savings for 2019/20 by department.

<u>Progress on savings 2018/19</u>

Department	Target Savings 2018/19	2018/19 Shortfall	2019/20 Projected shortfall	2020/21 Projected shortfall
	£000	£000	£000	£000
Corporate Services	2,024	505	375	10
Children Schools and Families	489	0	0	0
Community and Housing	2,198	442	0	0
Environment and Regeneration	926	523	135	0
Total	**5,637**	**1,470**	**510**	**10**

Appendix 7 details the progress on unachieved savings from 2018/19 by department and the impact on the current year and next year.

<u>Progress on savings 2017/18</u>

Department	Target Savings 2017/18	2017/18 Shortfall	2018/19 shortfall	2019/20 Projected shortfall
	£000	£000	£000	£000
Corporate Services	2,316	196	0	0
Children Schools and Families	2,191	7	0	0
Community and Housing	2,673	0	0	0
Environment and Regeneration	3,134	2,188	694	305
Total	**10,314**	**2,391**	**694**	**305**

Appendix 8 details the progress on unachieved savings from 2017/18 by department and the impact on the current year and next year.

6. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 All relevant bodies have been consulted.

7. TIMETABLE

7.1 In accordance with current financial reporting timetables.

8. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1 All relevant implications have been addressed in the report.

9. LEGAL AND STATUTORY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

10.1 Not applicable

11. CRIME AND DISORDER IMPLICATIONS

11.1 Not applicable

12. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

12.1 The emphasis placed on the delivery of revenue savings within the financial monitoring report will be enhanced during 2016/17; the risk of part non-delivery of savings is already contained on the key strategic risk register and will be kept under review.

13. APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

Appendix 1-	Detailed position table
Appendix 2 –	Detailed Corporate Items table
Appendix 3 –	Pay and Price Inflation
Appendix 4 –	Treasury Management: Outlook
Appendix 5 -	Current Capital Programme 2019/20
Appendix 6 –	Progress on savings 2019/20
Appendix 7 –	Progress on savings 2018/19
Appendix 8 -	Progress on savings 2017/18
Appendix 9 -	Debt report

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

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APPENDIX 1

Summary Position as at 30th June 2019

	Original Budget 2019/20 £000s	Current Budget 2019/20 £000s	Year to Date Budget (June) £000s	Year to Date Actual (June) £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s	Outturn variance 2018/19 £000
Department								
3A.Corporate Services	10,930	11,122	6,503	8,095	10,424	(698)	(766)	(2,511)
3B.Children, Schools and Families	60,819	60,933	8,990	5,903	63,168	2,235	2,845	2,271
3C.Community and Housing								
Adult Social Care	58,657	58,656	13,958	16,515	58,818	163	(1)	(169)
Libraries & Adult Education	2,878	2,878	921	1,178	2,911	33	51	45
Housing General Fund	2,219	2,219	333	229	2,291	72	224	(73)
3D.Public Health	0	0	111	(1,752)	0	0	0	0
3E.Environment & Regeneration	15,832	15,831	1,294	(8,538)	15,401	(430)	(373)	(1,526)
Overheads	0	0	0	0	0	0	0	(33)
NET SERVICE EXPENDITURE	**151,335**	**151,638**	**32,110**	**21,630**	**153,013**	**1,375**	**1,980**	**-1,996**
3E.Corporate Items								
Impact of Capital on revenue budget	10,481	10,481	1,579	1,214	10,481	0	0	403
Other Central items	(19,500)	(19,805)	(4,353)	(401)	(20,471)	(667)	0	(6,064)
Levies	949	949	206	206	949	0	0	0
TOTAL CORPORATE PROVISIONS	**(8,070)**	**(8,375)**	**(2,568)**	**1,019**	**(9,041)**	**(667)**	**-**	**(5,661)**
TOTAL GENERAL FUND	**143,264**	**143,264**	**29,542**	**22,649**	**143,972**	**708**	**1,980**	**(7,657)**
Funding								
- Business Rates	(44,026)	(44,026)	0	0	(44,026)	0	0	0
- RSG	0	0	0	0	0	0	0	0
- Section 31 Grant	0	0	(1,024)	(1,024)	0	0	0	0
- New Homes Bonus	(2,108)	(2,108)	(527)	(527)	(2,108)	0	0	0
- PFI Grant	(4,797)	(4,797)	(1,199)	(1,199)	(4,797)	0	0	0
- Brexit Grant	(210)	(210)	(105)	(105)	(210)			
- Adult Social Care Grant	(1,054)	(1,054)	(1,535)	(1,535)	(1,054)	0	0	0
Grants	**(52,195)**	**(52,195)**	**(4,390)**	**(4,390)**	**(52,195)**	**0**	**0**	**-**
Collection Fund - Council Tax Surplus(-)/Deficit	(1,949)	(1,949)	0	0	(1,949)	0	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	3,250	3,250	0	0	3,250	0	0	0
Council Tax						0	0	
- General	(92,028)	(92,028)	0	0	(92,028)	0	0	0
- WPCC	(343)	(343)	0	0	(343)	0	0	0
Council Tax and Collection Fund	**(91,070)**	**(91,070)**	**0**	**0**	**(91,070)**	**0**	**0**	**-**
FUNDING	**(143,265)**	**(143,265)**	**(4,390)**	**(4,390)**	**(143,265)**	**0**	**0**	**-**
NET	**(0)**	**(1)**	**25,152**	**18,259**	**708**	**708**	**1,980**	**(7,657)**

Appendix 2

3E.Corporate Items	Council 2019/20 £000s	Original Budget 2019/20 £000s	Current Budget 2019/20 £000s	Year to Date Budget (June) £000s	Year to Date Actual (June) £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s	Outturn Variance 2018/19 £000s
Cost of Borrowing	10,481	10,481	10,481	1,579	1,214	10,481	0	0	403
Use for Capital Programme							0	0	0
Impact of Capital on revenue	**10,481**	**10,481**	**10,481**	**1,579**	**1,214**	**10,481**	**0**	**0**	**403**
Investment Income	**(664)**	**(664)**	**(664)**	**(166)**	**(184)**	**(977)**	**(313)**	**0**	**(364)**
Pension Fund	**3,429**	**3,429**	**3,429**	**0**	**0**	**3,429**	**0**	**0**	**(254)**
Corporate Provision for Pay Award	877	877	877		0	877	0	0	(744)
Provision for excess inflation	450	450	450		0	450	0	0	(378)
Pay and Price Inflation	**1,327**	**1,327**	**1,327**	**0**	**0**	**1,327**	**0**	**0**	**(1,122)**
Contingency	1,500	1,500	1,500		0	1,500	0	0	(1,398)
Single Status/Equal Pay	100	100	100		0	100	0	0	(84)
Bad Debt Provision	500	500	500		0	500	0	0	(33)
Loss of income arising from P3/P4	200	200	200		0	100	(100)	0	(200)
Loss of HB Admin grant	83	83	34		0	34	0	0	(83)
Apprenticeship Levy	450	450	450	113	91	450	0	0	(217)
Revenuisation and miscellaneous	2,070	2,070	2,026		51	2,026	0	0	(1,351)
Contingencies and provisions	**4,904**	**4,904**	**4,810**	**113**	**142**	**4,710**	**(100)**	**0**	**(3,366)**
Other income	0	0	0	0	(254)	(254)	(254)	0	(953)
CHAS IP/Dividend	(1,407)	(1,407)	(1,503)		0	(1,503)	0	0	(3)
Income items	**(1,407)**	**(1,407)**	**(1,503)**	**0**	**(254)**	**(1,758)**	**(254)**	**0**	**(956)**
Appropriations: CS Reserves	(711)	(711)	(711)	(711)	0	(711)	0	0	0
Appropriations: E&R Reserves	(146)	(146)	(146)	(146)	0	(146)	0	0	0
Appropriations: CSF Reserves	9	9	(105)	(105)	(105)	(105)	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(104)	(104)	0	(104)	0	0	0
Appropriations:Public Health Reserves	(1,200)	(1,200)	(1,200)	(1,200)	0	(1,200)	0	0	0
Appropriations:Corporate Reserves	(2,034)	(2,034)	(2,034)	(2,034)	0	(2,034)	0	0	(6)
Appropriations/Transfers	**(4,186)**	**(4,186)**	**(4,300)**	**(4,300)**	**(105)**	**(4,300)**	**0**	**0**	**(6)**
Depreciation and Impairment	**(22,903)**	**(22,903)**	**(22,903)**	**0**	**0**	**(22,903)**	**0**	**0**	**4**
Other Central Items	**(19,500)**	**(19,500)**	**(19,804)**	**(4,353)**	**(401)**	**(20,471)**	**(667)**	**0**	**(6,064)**
Levies	**949**	**949**	**949**	**206**	**206**	**949**	**0**	**0**	**0**
TOTAL CORPORATE PROVISIONS	**(8,070)**	**(8,070)**	**(8,374)**	**(2,568)**	**1,019**	**(9,041)**	**(667)**	**0**	**(5,661)**

Pay and Price Inflation as at June 2019

In 2019/20, the budget includes 2.8% for increases in pay and 1.5% for increases in general prices, with an additional amount, currently £0.450m, which is held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. With CPI inflation currently at 2.1% and RPI at 3.1% this budget will only be released when it is certain that it will not be required.

Pay:

The local government pay award for 2019/20 was agreed in April 2018 covering 2018/19 and 2019/20. For the lowest paid (those on spinal points 6-19) this agreed a pay rise of between 2.9% and 9.2%. Those on spinal points 20-52 received 2%.

Prices:

The Consumer Prices Index (CPI) 12-month rate was 2.0% in June 2019, unchanged from May 2019. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 1.9% in June 2019, also unchanged from May 2019. There were downward contributions from motor fuels, accommodation services and electricity, gas and other fuels, with prices in each category falling between May and June 2019 compared with price rises between the same two months a year ago. The largest upward contributions to offset the falls came from clothing and food. The RPI rate for June 2019 was 2.9%, which is down from the figure of 3% in May April 2019.

Outlook for inflation:

The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment. At its meeting ending on 19 June 2019, the MPC voted unanimously to maintain Bank Rate at 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

In the minutes to its June meeting, the MPC note that "CPI inflation was 2.0% in May. It is likely to fall below the 2% target later this year, reflecting recent falls in energy prices. Core CPI inflation was 1.7% in May, and core services CPI inflation has remained slightly below levels consistent with meeting the inflation target in the medium term. The labour market remains tight, with recent data on employment, unemployment and regular pay in line with expectations at the time of the May Report. Growth in unit wage costs has remained at target-consistent levels. The Committee continues to judge that, were the economy to develop broadly in line with its May Inflation Report projections that included an assumption of a smooth Brexit, an ongoing tightening of monetary policy over the forecast period, at a gradual pace and to a limited extent, would be appropriate to return inflation sustainably to the 2% target at a conventional horizon. The MPC judges at this meeting that the existing stance of monetary policy is appropriate."

The next meeting of the MPC will be on 1st August 2019.

The latest Inflation Report was published on the 2 May 2019.

In the May 2019 Inflation Report, the MPC noted that "CPI inflation was 1.9% in March and is expected to be slightly further below the MPC's 2% target during the first half of the forecast period, largely reflecting lower expected retail energy prices. The labour market remains tight, with the unemployment rate projected to decline to 3½% by the end of the forecast period. Annual pay growth has remained around 3½% and unit labour cost growth has strengthened to rates that are above historical averages. As excess demand emerges, domestic inflationary pressures are expected to firm, such that CPI inflation picks up to above the 2% target in two years' time and is still rising at the end of the three-year forecast period."

The latest inflation and unemployment forecasts for the UK economy, based on a summary of independent forecasts are set out in the following table:-

Table 11: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (July 2019)			
2019 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.3	2.8	1.8
RPI	2.0	3.4	2.5
LFS Unemployment Rate	3.6	4.5	3.9
2020 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.6	3.5	2.1
RPI	2.1	4.2	2.9
LFS Unemployment Rate	3.3	4.9	4.1

Clearly where the level of inflation during the year exceeds the amount provided for in the budget, this will put pressure on services to stay within budget and will require effective monitoring and control.

Independent medium-term projections for the calendar years 2019 to 2023 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (May 2019)					
	2019	2020	2021	2022	2023
	%	%	%	%	%
CPI	1.9	2.0	1.9	1.9	2.0
RPI	2.6	2.7	3.0	3.1	3.0
LFS Unemployment Rate	4.0	4.0	4.2	4.2	4.2

Appendix 4

Treasury Management: Outlook

At its meeting ending on 19 June 2019, the MPC voted unanimously to maintain Bank Rate at 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

In the minutes to its June meeting the MPC state that “Since the Committee’s previous meeting, the near-term data have been broadly in line with the May Report, but downside risks to growth have increased. Globally, trade tensions have intensified. Domestically, the perceived likelihood of a no-deal Brexit has risen. Trade concerns have contributed to volatility in global equity prices and corporate bond spreads, as well as falls in industrial metals prices. Forward interest rates in major economies have fallen materially further. Increased Brexit uncertainties have put additional downward pressure on UK forward interest rates and led to a decline in the sterling exchange rate.”

In the May 2019 Inflation Report, the MPC states that it “continues to judge that, were the economy to develop broadly in line with its Inflation Report projections, an ongoing tightening of monetary policy over the forecast period, at a gradual pace and to a limited extent, would be appropriate to return inflation sustainably to the 2% target at a conventional horizon…. The economic outlook will continue to depend significantly on the nature and timing of EU withdrawal, in particular: the new trading arrangements between the European Union and the United Kingdom; whether the transition to them is abrupt or smooth; and how households, businesses and financial markets respond. The appropriate path of monetary policy will depend on the balance of these effects on demand, supply and the exchange rate. The monetary policy response to Brexit, whatever form it takes, will not be automatic and could be in either direction. The Committee will always act to achieve the 2% inflation target.”

Global growth slowed over 2018, but appears to have stabilised in recent months. In the UK, the market path for interest rates is lower as in other advanced economies, while sterling has appreciated a little. The MPC note that “As in other countries, UK short and longer-term interest rates have fallen and equity prices have risen since February…. The market-implied path of Bank Rate over the next three years is, on average, around 15 basis points lower than in February, and is now expected to reach around 1.0% in three years’ time. Longer-term UK interest rates are also lower: the yield on 10-year UK government bonds has declined to 1.2% from 1.3%. Combined with the moves in the run-up to the February Report, both short and long-term interest rates have fallen by around 40 basis points since November.”

The MPC’s forecasts of Bank Base Rate in recent Quarterly Inflation Reports are summarised in the following table:-

	End Q.2 2019	End Q.3 2019	End Q.4 2019	End Q.1 2020	End Q.2 2020	End Q,3 2020	End Q.4 2020	End Q.1 2021	End Q.2 2021	End Q.3 2021	End Q.4 2021	End Q.1 2022	End Q.2 2022
May ‘19	0.7	0.7	0.7	0.8	0.8	0.8	0.9	0.9	0.9	0.9	1.0	1.0	1.0
Feb.’19	0.7	0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1	
Nov.’18	0.9	0.9	1.0	1.1	1.1	1.2	1.2	1.3	1.3	1.4	1.4		
Aug.’18	0.8	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1			
May ‘18	0.9	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.2				
Feb.’18	0.9	0.9	1.0	1.0	1.1	1.1	1.1	1.2					
Nov.’17	0.8	0.8	0.9	0.9	0.9	1.0	1.0						
Aug.’17	0.6	0.6	0.7	0.7	0.7	0.8							
May ‘17	0.4	0.4	0.5	0.5	0.5								
Feb’17	0.5	0.6	0.6	0.7									
Nov.’16	0.3	0.4	0.4										
Aug.’16	0.2	0.2											
May ‘16	0.8												

Source: Bank of England Inflation Reports

In order to maintain price stability, the Government has set the Bank’s Monetary Policy Committee (MPC) a target for the annual inflation rate of the Consumer Prices Index of 2%. Subject to that, the MPC is also required to support the Government’s economic policy, including its objectives for growth and employment.

The MPC’s projections are underpinned by four key judgements :-

1. global GDP growth settles at around its potential rate
2. UK domestic demand growth is soft in the near term, partly reflecting the impact of elevated Brexit uncertainties, before recovering
3. as GDP growth recovers to above the subdued rate of potential supply growth, excess demand builds
4. CPI inflation dips further below 2% during the first half of the forecast period, largely reflecting lower energy prices, but domestic inflationary pressures push inflation above the target further out.

Capital Budget Monitoring - June 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Capital	2,270,133	2,781,129	(510,996)	57,639,350	57,018,910	(585,440)
Corporate Services	275,022	383,000	(107,978)	32,162,170	31,742,170	(385,000)
Customer, Policy and Improvmen	0	0	0	1,822,660	1,822,660	0
Customer Contact Programme	0	0	0	1,822,660	1,822,660	0
Facilities Management Total	250,723	268,000	(17,277)	1,981,900	1,981,900	0
Works to other buildings	123,308	138,000	(14,692)	941,320	700,490	(240,830)
Civic Centre	127,414	130,000	(2,586)	774,140	1,014,970	240,830
Invest to Save schemes	0	0	0	266,440	266,440	0
Infrastructure & Transactions	19,802	110,000	(90,198)	4,408,180	3,988,180	(385,000)
Business Systems	(13,172)	0	(13,172)	1,428,860	1,043,860	(385,000)
Social Care IT System	0	0	0	425,240	390,240	0
Planned Replacement Programme	32,974	110,000	(77,026)	2,554,080	2,554,080	0
Resources	4,498	5,000	(502)	24,970	24,970	0
Financial System	4,498	5,000	(502)	24,970	24,970	0
Corporate Items	0	0	0	23,924,460	23,924,460	0
Westminster Ccl Coroners Court	0	0	0	460,000	460,000	0
Housing Company	0	0	0	23,464,460	23,464,460	0
Community and Housing	145,757	150,000	(4,243)	1,196,240	996,240	(200,000)
Adult Social Care	0	0	0	43,750	43,750	0
Telehealth	0	0	0	43,750	43,750	0
Housing	141,491	150,000	(8,509)	827,160	827,160	0
Disabled Facilities Grant	141,491	150,000	(8,509)	827,160	827,160	0
Libraries	4,266	0	4,266	325,330	125,330	(200,000)
Library Enhancement Works	593	0	593	248,700	48,700	(200,000)
Libraries IT	3,673	0	3,673	76,630	76,630	0

Capital Budget Monitoring - June 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Children Schools & Families	1,549,597	1,641,000	(91,403)	9,660,470	9,660,030	(440)
Primary Schools	5,190	25,000	(19,810)	1,644,040	1,644,040	0
Hollymount	0	0	0	16,240	16,240	0
West Wimbledon	0	0	0	70,370	70,370	0
Hatfeild	0	0	0	87,150	87,150	0
Hillcross	0	0	0	232,740	232,740	0
Joseph Hood	0	0	0	41,800	41,800	0
Dundonald	(3,963)	5,000	(8,963)	31,150	31,150	0
Garfield	0	0	0	75,780	75,780	0
Merton Abbey	0	0	0	23,790	23,790	0
Pelham	0	0	0	37,890	37,890	0
Poplar	(4,824)	0	(4,824)	27,070	27,070	0
Wimbledon Chase	0	0	0	75,780	75,780	0
Wimbledon Park	0	0	0	1,800	1,800	0
Abbotsbury	(628)	0	(628)	71,540	71,540	0
Morden	(2,219)	0	(2,219)	3,970	3,970	0
Bond	0	0	0	116,600	116,600	0
Cranmer	0	0	0	97,430	97,430	0
Gorringe Park	0	0	0	10,000	10,000	0
Haslemere	0	0	0	85,840	85,840	0
Liberty	19,003	20,000	(997)	77,300	77,300	0
Links	(690)	0	(690)	74,480	74,480	0
Singlegate	0	0	0	11,000	11,000	0
St Marks	278	0	278	54,130	54,130	0
Lonesome	0	0	0	21,300	21,300	0
Sherwood	0	0	0	54,130	54,130	0
Stanford	(1,768)	0	(1,768)	0	0	0
William Morris	0	0	0	101,600	101,600	0
Unlocated Primary School Proj	0	0	0	143,160	143,160	0
St Mary's (RC)	0	0	0	0	0	0
Secondary School	591,238	590,000	1,238	1,730,430	1,730,430	0
Harris Academy Morden	0	0	0	38,560	38,560	0
Harris Academy Merton	1,550	0	1,550	4,570	4,570	0
Raynes Park	0	0	0	67,680	67,680	0
Ricards Lodge	0	0	0	21,690	21,690	0
Rutlish	1,050	0	1,050	147,220	147,220	0
Harris Academy Wimbledon	588,638	590,000	(1,362)	1,450,710	1,450,710	0

Capital Budget Monitoring - June 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
SEN	867,537	910,000	(42,463)	5,824,140	5,824,140	0
Perseid	(32,608)	0	(32,608)	268,210	268,210	0
Cricket Green	863,354	873,000	(9,646)	4,138,910	4,138,910	0
Melrose	0	0	0	107,000	107,000	0
Secondary School Autism Unit	0	0	0	72,000	72,000	0
Unlocated SEN	36,791	37,000	(209)	1,108,020	1,108,020	0
Melbury College - Smart Centre	0	0	0	130,000	130,000	0
CSF Schemes	85,632	116,000	(30,368)	461,860	461,420	(440)
CSF IT Schemes	(1,353)	0	(1,353)	440	0	(440)
School Equipment Loans	0	0	0	108,900	108,900	0
Devolved Formula Capital	86,985	116,000	(29,015)	352,520	352,520	0

Capital Budget Monitoring - June 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Environment and Regeneration	299,757	607,129	(307,372)	14,620,470	14,620,469	(1)
Public Protection and Developm	5,001	12,500	(7,499)	66,800	66,800	0
CCTV Investment	0	2,500	(2,500)	10,340	10,340	0
Public Protection and Developm	5,001	10,000	(4,999)	56,460	56,460	0
Street Scene & Waste	3,246	3,000	246	1,146,340	1,146,340	0
Fleet Vehicles	0	0	0	337,660	337,660	0
Alley Gating Scheme	3,246	3,000	246	30,000	30,000	0
Waste SLWP	0	0	0	778,680	778,680	0
Sustainable Communities	291,511	591,629	(300,118)	13,407,330	13,407,329	(1)
Street Trees	0	0	0	60,000	60,000	0
Raynes Park Area Roads	0	0	0	26,110	26,110	0
Highways & Footways	147,758	231,800	(84,042)	4,880,030	4,880,030	0
Cycle Route Improvements	47,020	21,700	25,320	970,380	970,380	0
Mitcham Transport Improvements	6,776	7,100	(324)	1,364,210	1,364,210	0
Mitcham Area Regeneration	0	0	0	1,369,290	1,369,290	0
Wimbledon Area Regeneration	37,348	40,000	(2,652)	417,500	417,500	0
Morden Area Regeneration	0	0	0	500,000	500,000	0
Borough Regeneration	60,643	65,000	(4,357)	354,780	354,780	0
Morden Leisure Centre	(203,144)	0	(203,144)	596,820	596,820	0
Sports Facilities	150,000	150,000	(0)	1,793,160	1,793,160	0
Parks	45,111	76,029	(30,918)	1,075,050	1,075,049	(1)

APPENDIX 6

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Shortfall	19/20 RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/ underspend? Y/N
	Customers, Policy & Improvement										
CS2016 -05	Increase income through translations	15	15	0	G	15	0	G	Sean Cunniffe		
CS2016 -07	Cash Collection Reduction	30	30	0	G	30	0	G	Sean Cunniffe		
2018-19 CS09	Reduction/rationalisation in running costs budgets across multiple budgets	35	35	0	G	35	0	G	Sean Cunniffe		
CS2016 -06	Merton Link - efficiency savings								Sean Cunniffe	Saving has been re-profiled to 20/21 as the efficiencies expected from the customer contact programme have not yet been realised. To offset this, a £30k saving on the Registrars service (2019-20 CS05) planned for 20/21 will be brought forward to 2019/20 (see below).	
2019-20 CS05	Registrars Reduction in staff	30	15	15	A	30	0	G	Sean Cunniffe	Saving brought forward from 20/21 to 19/20 to offset CS2016-06 reprofiled from 19/20 to 20/21. Staff reduction expected mid-year, with the shortfall being met from elsewhere in the division.	Y
	Infrastructure & Technology										
CS2016-08	Potential income derived from letting two floors of vacant office space within the Civic Centre to external/partner organisations.	190	190	0	G	190	0	G	Edwin O'Donnell		
2018-19 CS01	Revenue saving associated with current MFD contract	150	150	0	G	150	0	G	Richard Warren		
2018-19 CS02	Reduction in the level of building repairs and maintenance undertaken on the corporate buildings	100	100	0	G	100	0	G	Edwin O'Donnell		
2018-19 CS04	Delete or full cost recovery of one post within FM	36	36	0	G	36	0	G	Edwin O'Donnell		
2018-19 CS14	M3 support to Richmond/Wandsworth	20	20	0	A	20	0	A	Clive Cooke	This is dependent on agreement with RSSP, may be at risk if they don't migrate to M3 system.	N
	Corporate Governance										
CSREP 2019-20 (1)	Increase in income from Legal Services relating to S106, property and court fees	50	50	0	G	50	0	G	Fiona Thomsen		
CSREP 2019-20 (6)	Legal services - reduce employment and HR support by 50%	30	30	0	G	30	0	G	Fiona Thomsen		
	Resources										
CS2016-02	Restructure of HB section to roll out universal credit	66	66	0	G	66	0	G	David Keppler		
2018-19 CS05	Reduction in permanent staffing	30	0	30	A	0	30	A	Roger Kershaw	Saving to be reviewed in year, may require replacement. For 19/20 the saving will be met by underspends elsewhere within the division.	Y
2018-19 CS10	Reduction in staffing	60	60	0	G	60	0	G	David Keppler		
2018-19 CS08	Increase in income from Enforcement Service	100	100	0	G	100	0	G	David Keppler		
2019-20 CS01	Amend discretionary rate relief policy	75	75	0	G	75	0	G	David Keppler		
CSREP 2019-20 (2)	Reduction in internal insurance fund contribution	250	250	0	G	250	0	G	Nemashe Sivayogan		
CSREP 2019-20 (3)	Increase in income from Enforcement service	50	50	0	G	50	0	G	David Keppler		
	Corporate										
2019-20 CS12	Increase in Empty Homes Premium for long term empty properties	97	97	0	G	97	0	G	David Keppler		
CSREP 2019-20 (4)	Increase in investment income	30	30	0	G	30	0	G	Nemashe Sivayogan		
CSREP 2019-20 (5)	CHAS dividend	40	40	0	G	40	0	G	Ian McKinnon		

APPENDIX 6

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Shortfall	19/20 RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/ underspend? Y/N
	Total Corporate Services Department Savings for 2019/20	1,484	1,439	45		1,454	30				

APPENDIX 6

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2018-19

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Shortfall	2019/20 RAG		2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	2020/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	SUSTAINABLE COMMUNITIES											
E4	Income from Merantun Development Limited for services provided to the company by LBM	100	95	5	A		100	0	A	James McGinlay		Y
ENV1819-05	Highways advertising income through re-procurement of the advertising contract for the public highway. New contract due to be in place by last quarter of 2019/20.	55	32	23	R		55	0	A	James McGinlay	New contract expected to commence in the final quarter of 2019/20, and we should have a better idea of outcomes when the tenders are reviewed (Aug/Sept).	Y
	PUBLIC PROTECTION											
ENR1	Further expansion of the shared service.	100	100	0	A		100	0	A	Cathryn James		N
E1	Investigate potential commercial opportunities to generate income from provision of business advice. This follows on from the expansion of the RSP to include Wandsworth from November 2017, and increased resilience.	60	0	60	R		60	0	A	Cathryn James	This saving is conditional on income being generated from chargeable business advice/consultancy. A new income generating Business Development team has been established as part of the Regulatory Services Partnership restructure, which will now look to deliver these savings. However, it is unlikely to be delivered this financial year.	Y
ENR4	Charge local business' for monitoring of their CCTV	100	0	100	R		0	100	R	Cathryn James	Alternative Saving Required.	Y
ENV1819-03	The objective of the proposal is to support the delivery of key strategic council priorities including public health, air quality and sustainable transportation, in addition to managing parking, kerbside demand and congestion. Whilst implementation of the proposals will have the incidental effect of generating additional revenue, it is difficult to assess the level of change in customer behaviour and any subsequent financial impact arising from the changes. This will be monitored after implementation and any resulting impacts will be considered during the future years' budget planning cycles. The above will be subject to the outcome of the consultation process in 2019.	1,900	950	950	R		1900	0	A	Cathryn James	The implementation date for the revised charges is still subject to committee approval. The original savings target was based on an October go live date. It is felt that a more prudent approach to the likely implementation date should be reflected in the savings targets.	Y
ALT2	Reduction of 2fte from the Parking establishment in administrative/processing roles as a result of the impending new permit system	57	57	0	G		57	0	G	Cathryn James		Y
ALT3	Reduction in the number of pay & display machines required.	14	3	11	R		14	0	G	Cathryn James		Y
	PUBLIC SPACE											
ENR9	Increase level of Enforcement activities of internal team ensuring the operational service is cost neutral	200	200	0	A		200	0	G	John Bosley		Y
E2	Thermal Treatment of wood waste from HRRC	30	30	0	A		30	0	A	John Bosley		Y
EV08	Increased recycling rate by 3% following education and communications activity funded by WCSS. This will be driven by the incentivisation and education programmedue to commence in March 2014.	250	250	0	G		250	0	G	John Bosley		N
ALT4	Environmental Enforcement - Maintain a payment rate of 70% for all FPN issued.	54	54	0	G		54	0	G	John Bosley		Y
E5	Letting of remaining vacant facilities in Greenspaces	50	0	50	R		50	0	A	John Bosley		N
E6	Increased tenancy income in Greenspaces	40	0	40	R		40	0	A	John Bosley		N
ENR10	Two year extension of the GLL contract	300	300	0	G		300	0	G	John Bosley		N
ENV1819-01	Five year extension of the GLL contract	60	60	0	G		60	0	G	John Bosley		N
	Total Environment and Regeneration Savings 2018/19	**3,370**	**2,131**	**1,239**			**3,270**	**100**				

									Updated 25/7/19	APPENDIX 6	
DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2019/20											
Ref	**Description of Saving**	**2019/20 Savings Required £000**	**2019/20 Expected Savings £000**	**Shortfall £000**	**RAG**		**2020/21 Savings Expected £000**	**2020/21 Expected Shortfall £000**	**20/21 RAG**	**Responsible Officer**	**Comments**	**R /A Included in Forecast Over/Underspend? Y/N**
	Adult Social Care											
CH35/36/52	**Housing Related Support:-**The purpose of the project is to review existing service provision linked to original SP funding, identify gaps and utilise the data to inform a new set of contract specifications to support the re-procurement of services aligned with the Council's Community and Housing strategic priorities. The objective of the project is to deliver successful procurement of contracted services that demonstrate effective outcomes for service users, effective performance management framework and value for money services.	309	276	33	A		309	0	G	Steve Langley	Late implementation has reduced the forecast savings in year, but work is underway to mitigate this shortfall. In any event the full savings will be achieved FYE in 2020/21.	Y
CH39	**Extra Care Contracts:-**This reduced savings of £57k is targeted on contract efficiencies and non-statutory support hours; eligible social care needs will not be affected. Providers will seek alternative resources to provide this support. Service will ensure that new specification requires providers to seek other support for residents. Impact will be reviewed as part of each service users annual review.	57	57	0	G		57	0	G	John Morgan	Achieved	Y
CH55	**Promoting Independence:-**The aim of this proposal has been to support people to remain independent and well. To support them to achieve their desired outcomes by enabling them to remain in their own homes, close to their friends, families, support networks and local communities.	553	553	0	G		553	0	G	John Morgan	Achieved	Y
CH70	**Home Care:-**The aim of this proposal is to maximise the benefit of the new home care contract arrangements. The new arrangements were implemented from February 2018. With a year to get established, it is planned to start to transfer cases with legacy providers who are not on the new contract as either prime or back-up providers. Some of these contracts are at higher hourly rates, so the transfer will generate a saving with no reduction in care. New care providers will be required to use a care visit monitoring system, which should increase the reliability of care.	301	301	0	G		301	0	G	John Morgan	Achieved	Y
CH88	**Home Care Monitoring System:-**The aim of this proposal is to roll out a home care monitoring system for all home care providers to ensure that we can monitor the delivery of home care visits.	40	40	0	G		40	0	G	John Morgan	Achieved through Forum	Y
CH89	**Older People Day Care Activities:-**As less people are choosing to attend these formal day centre we currently having increasingly vacancies within these provisions which are not been utilised. The proposal seeks to assess and analyse the demand and supply of activity aimed at supporting older people to access community activity. This will objectively look at the supply of building based and non-building based activity, its utilisation and the limitations on providing what people expect and need within the current model. It is envisaged that this will include a rationalisation and reduction of the current level of building based 'day centre' activity. This is based on current demand statistics and will include consideration of the effect of 2018/19 reductions in contracted day centre services; which is covered in a separate EIA for that specific proposal.	236	118	118	A		236	0	G	Richard Ellis	Discussions are underway with the new owners of one of the two day centres. The sale of the home that hosts one service has delayed implementation.	Y
	Subtotal Adult Social Care	1,496	1,345	151			1,496	0				
	Library & Heritage Service											
CH67	**Merton Arts Space income**	38	38	0	G		38	0	G	Anthony Hopkins	On track	Y
	Total C & H Savings for 2019/20	1,534	1,383	151			1,534	0				

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Shortfall	19/20 RAG		2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
	Education											
CSF2018-03	Review Early Years : raise income or cease some services in preparation for 2020 where we'd consider withdrawing from direct provision of a childcare offer.	49	49	0	G		49	0	G	Jane McSherry		
CSF2018-04	Review schools trade offer, raise charges or consider ceasing services from 2020.	30	30	0	G		30	0	G	Jane McSherry		
CSF2018-07	Reorganisation of Admissions, My Futures and School Improvement Teams and reduction in contribution to the MSCB (Safeguarding Partnership)	100	100	0	G		100	0	G	Jane McSherry		
CSF2018-11	Reduction of SENDIS early intervention service and reduction in spend associated with the introduction of the web based EHCP Hub	72	72	0	G		72	0	G	Jane McSherry		
	Children Social Care & Youth Inclusion											
CSF2018-01	Reduced costs/offer through the national centralised adoption initiative	30	30	0	G		30	0	G	El Mayhew		
CSF2018-02	Reorganisation of the Children with Disability (CWD), Fostering and Access to Resources (ART) teams and a review of the Common and Shared Assessment (CASA) service.	130	130	0	G		130	0	G	El Mayhew		
CSF2018-05	Delivery of preventative services through the Social Impact Bond	45	45	0	R		45	0	R	El Mayhew	We expect to achieve the savings target as numbers of LAC are stable. The overall service will still overspen however because UASC costs have increased over the past few years and the growth received was not sufficient to offset this pressure. Placements are reviewed on an on-going basis and detailed analysis to back up movement caseloads and placement costs reported to DMT.	Y
CSF2018-06	South London Family Drug and Alcohol Court commissioning	45	45	0	R		45	0	R	El Mayhew	We expect to achieve the savings target as numbers of LAC are stable. The overall service will still overspen however because UASC costs have increased over the past few years and the growth received was not sufficient to offset this pressure. Placements are reviewed on an on-going basis and detailed analysis to back up movement caseloads and placement costs reported to DMT.	Y
CSF2018-12	Further reduction in staffing at Bond Road. This will include a FGC post and a contact worker.	71	71	0	G		71	0	G	El Mayhew		
	Total Children, Schools and Families Department Savings for 2019/20	572	572	0			572	0				

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 18-19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Shortfall	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments
	Infrastructure & transactions									
CS2015-10	FM - Energy invest to save	**465**	**465**	R	**365**	A	**0**	G	Richard Neal	The capital spend to achieve this was slipped and hence the saving was delayed with £100k expected in 19/20 and the balance in 20/21. In 19/20 the unachieved saving will be met from the Corporate Services reserve.
CSREP 2018-19 (13)	Business Improvement - Business Systems maintenance and support reduction	**10**	**10**	R	**10**	R	**10**	R	Clive Cooke	Saving to be reviewed during 19/20 to idenifty if this can be met or if a replacement saving is required.
CSREP 2018-19 (14)	M3 support to Richmond/Wandsworth	**20**	**20**	R	**0**	A	**0**	A	Clive Cooke	This is dependent on agreement with RSSP, may be at risk if they don't migrate to M3 system.
	Corporate Governance									
CSD43	Share FOI and information governance policy with another Council	**10**	**10**	R					Karin Lane	Replacement saving identified. From 19/20 this saving will be replaced by a reduction to the Corporate Governance AD's budget
	Total Corporate Services Department Savings for 2018/19	**505**	**505**		**375**		**10**			

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2018-19

APPENDIX 7

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Savings Expected £000	Shortfall	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	SUSTAINABLE COMMUNITIES												
ENV20	D&BC: Increased income from building control services.	35	0	35	R	0	35	R	0	A	James McGinlay	This has not been possible due to staff shortages and difficulty with filling posts	**Y**
	PUBLIC PROTECTION												
ENV07	Parking: Reduction in supplies & services/third party payment budgets.	60	13	47	R	60	0	A	0	A	Cathryn James	Saving is being reviewed and an alternative saving may be required.	**Y**
ENV08	Regulatory Services: Funding of EH FTE by public health subsidy. As agreed between DPH and Head of PP .	40	0	40	R						Cathryn James	Alternative saving has been agreed for 2019/20.	**Y**
ENV09	Regulatory Services: Investigate potential commercial opportunities to generate income	50	0	50	R	50	0	A	0	A	Cathryn James	This saving is conditional on income being generated from chargeable business advice/consultancy. A new income generating Business Development team has been established as part of the Regulatory Services Partnership restructure, which will now look to deliver these savings.	**Y**
ENR2	Parking & CCTV: Pay & Display Bays (On and off street)	44	0	44	R	44	0	G	0	G	Cathryn James		**Y**
ENR3	Parking & CCTV: Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon.	17	0	17	R	17	0	G	0	G	Cathryn James	Saving now forms part of the wider discussion on parking charges.	**Y**
ALT1	Parking: The further development of the emissions based charging policy by way of increased charges applicable to resident/business permits as a means of continuing to tackle the significant and ongoing issue of poor air quality in the borough.	440	390	50	R	440	0	G	0	G	Cathryn James		**N**
	PUBLIC SPACE												
ENV32	Transport: Review of Business Support requirements	30	0	30	R						John Bosley	Alternative saving has been agreed for 2019/20.	**Y**
ENR6	Waste: Wider Department restructure in Waste Services	200	0	200	R	100	100	R	0	A	John Bosley	This was not delivered in 2018. Review and restructure still outstanding. Scheduled for quarter 3 2019	**Y**
ENR7	Transport Services: Shared Fleet services function with LB Sutton	10	0	10	R						John Bosley	Alternative saving has been agreed for 2019/20.	**Y**
	Total Environment and Regeneration Savings 2018/19	**926**	**403**	**523**		**711**	**135**		**0**				

Updated 25/07/19

APPENDIX 7

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2018/19

Ref	Description of Saving	2018/19 Savings Required £000	Shortfall £000	RAG		2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	2020/21 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments
	Adult Social Care											
CH73	A review of management and staffing levels of the AMH team in line with the reductions carried out in the rest of ASC.	100	23	R		100	0	G	0	G	**Richard Ellis**	Balance deferred to 2019/20
CH36	Single homeless contracts (YMCA, Spear, Grenfell) - Reduce funding for contracts within the Supporting People area which support single homeless people -Reduced support available for single homeless people - both in terms of the numbers we could support and the range of support we could provide. In turn this would reduce their housing options. (CH36)	38	38	R		38	0	G	0	G	**Steve Langley**	£38k deferred to 2019/20
CH71	Transport: moving commissioned taxis to direct payments. Service users can purchase taxi journeys more cheaply than the council.	50	50	R		50	0	A	0	G	**Phil Howell**	
CH72	Reviewing transport arrangements for in-house units, linking transport more directly to the provision and removing from the transport pool.	100	100	R		100	0	A	0	G	**Richard Ellis**	£100k deferred to 2019/20. Part of the Transport review
CH74	The implementation of the MOSAIC social care system has identified the scope to improve the identification of service users who should contribute to the costs of their care and assess them sooner, thus increasing client income. Assessed as a 3% improvement less cost of additional staffing	231	231	R		231	0	G	0	G	**Richard Ellis**	Timeliness of FA improved through additional resource funded by MIB. Earlier FA means more weeks billed. Contribution from Health contribution target was exceeded.
	Total C & H Savings for 2018/19	**519**	**442**			**519**	**0**		**0**			

APPENDIX 7

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES SAVINGS PROGRESS 2018/19

Ref	Description of Saving	2018/19 Savings Required £000	Shortfall £000	RAG		2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	2020/21 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
Total Children, Schools and Families Department Savings for 2018/19		**489**	**0**			**489**	**0**		0				

There were no red savings for CSF

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 17-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Shortfall	17/18 RAG	2018/19 Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments
	Business improvement									
CSD42	Restructure functions, delete 1 AD and other elements of management	**170**	**70**	R					Sophie Ellis	Replacement saving identified and approved for 18/19 - CSREP 2018-19 (1-16)
CS2015-	Staffing support savings	**13**	**13**	R					Sophie Ellis	Replacement saving identified and approved for 18/19 - CSREP 2018-19 (1-16)
	Infrastructure & transactions									
CS70	Apply a £3 administration charge to customers requesting a hard copy paper invoice for services administered by Transactional Services team	**35**	**35**	R					Pam Lamb	Replacement saving identified and approved for 18/19 - CSREP 2018-19 (1-16)
	Resources									
CSD26	Delete 1 Business Partner	**78**	**78**	R	**0**	G		G	Caroline Holland	Due to delays in projects this saving was not achieved until 18/19
	Total Corporate Services Department Savings for 2017/18		**196**		**0**		**0**			

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2017-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Achieved £000	Shortfall	17/18 RAG	2018/19 Savings Expected £000	2018/19 Shortfall £000	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Comments	R /A Included in Forecast Over/Underspend? Y/N
	SUSTAINABLE COMMUNITIES												
ER23b	Restructure of team to provide more focus on property management and resilience within the team.	18	0	18	R	0	18	R	18	0	A	Business Case for restructure in progress, but due to the delay it's unlikely to be fully achieved this financial year. Saving being achieved through rents (reported through monthly budget return).	Y
D&BC1	Fast track of householder planning applications	55	0	55	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC2	Growth in PPA and Pre-app income	50	0	50	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC3	Commercialisation of building control	50	0	50	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC4	Deletion of 1 FTE (manager or deputy) within D&BC	45	0	45	R	45	0	G	45	0	G		N
D&BC5	Eliminate the Planning Duty service (both face to face and dedicated phone line) within D&BC	35	0	35	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC6	Stop sending consultation letters on applications and erect site notices only	10	0	10	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV15	Reduction in street lighting energy and maintenance costs. Would require Capital investment of c£400k, which forms part of the current capital programme - Investment in LED lights in lamp Colum stock most capable of delivering savings	148	100	48	R	148	0	G	148	0	G		N
ENV20	Increased income from building control services.	35	0	35	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
	PUBLIC PROTECTION												
E&R14	Further expansion of the Regulatory shared service.	100	0	100	R	100	0	G	100	0	G		Y
ENV02	Review the current CEO structure, shift patterns and hours of operation with the intention of moving toward a two shift arrangement based on 5 days on/2 days off.	190	0	190	R	0	190	R	0	190	R	Alternative saving required	Y
ENV03	Reduction number of CEO team leader posts from 4 to 3	45	0	45	R	0	45	R	0	45	R	Alternative saving required	Y
ENV06	Reduction in transport related budgets	46	0	46	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV09	Investigate potential commercial opportunities to generate income	50	7	43	R	0	50	R	50	0	A		Y
	PUBLIC SPACE												
E&R16	joint procurement of waste, street cleansing, winter maintenance and fleet maintenance services (Phase C)	1,500	795	705	R	1,257	243	R	1500	0	A	Actual savings delivered are being monitored closely	N
E&R25	Joint procurement of greenspace services as part 2 of the Phase C SLWP procurement contract with LB Sutton	160	44	116	R	160	0	G	160	0	G		N
ENV12	Loss of head of section/amalgamated with head of Greenspaces	70	0	70	R	0	70	R	0	70	R	Saving has been delayed but in the process of being reviewed but ot expected to be achieved until 2020/21.	N
ENV13	Staff savings through the reorganisation of the back office through channel shift from phone and face to face contact.	70	0	70	R	70	0	G	70	0	G		N
ENV18	Increased income from events in parks	100	0	100	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV21	Reduction in the grant to Wandle Valley Parks Trust	6	0	6	R	6	0	G	6	0	G		N
ENV23	Further savings from the phase C procurement of Lot 2.	160	0	160	R	82	78	R	160	0	G		N
ENV25	Department restructure of the waste section	191	0	191	R	191	0	G	191	0	G		Y
	Total Environment and Regeneration Savings	**3,134**	**946**	**2,188**		**2,059**	**694**		**2,448**	**305**			

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 17-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Expected Shortfall £000	17/18 RAG	2018/19 Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Children Social Care										
CSF2012-07	Family and Adolescent Services Stream - Transforming Families (TF), Youth Offending Team (YOT) and in Education, Training and Employment (ETE). 2016/17 savings will be achieved by the closure of Insight and deletion of YJ management post.	**100**	**7**	**R**	**0**	**G**	**0**	**G**	Paul Angeli	The ETE saving was delivered from July 2017 and the short for the first quarter covered through reduced grant-funding for targeted intervention services.	**N**
	Total Children, Schools and Families Department Savings for 2017/18		**7**		**0**		**0**				

	Updated 25/07/19										APPENDIX 8	
DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2017/18												
Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Shortfall £000	17/18 RAG		2018/19 Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
	Adult Social Care											
	Total C & H Savings for 2017/18										**No Reds**	

Appendix 9

Subject: Miscellaneous Debt Update June 2019

1. LATEST ARREARS POSITION – MERTON'S AGED DEBTORS REPORT

1.1 A breakdown of departmental net miscellaneous debt arrears, as at 30 June 2019, is shown in column F of the table below.

1.2 Please note that on the 6 February 2017 the new financial computer system E5 went live and this included the raising and collection of invoices and the debt recovery system.

Sundry Debtors aged balance – 30 June 2019 – not including debt that is less than 30 days old (Please note the new system reports debt up to 30 days whereas previously we reported up to 39 days)

Department a	30 days to 6 months b	6 months to 1 year c	1 to 2 years d	Over 2 years e	June 19 arrears f	Mar 19 arrears f	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	**956,147**	**400,353**	**570,364**	**327,841**	**2,254,705**	**1,734,438**	↑
Corporate Services	**324,956**	**-6,848**	**64,127**	**106,777**	**489,012**	**815,400**	↓
Housing Benefits	**291,859**	**789,750**	**1,040,567**	**2,384,907**	**4,507,083**	**4,683,791**	↓
Children, Schools & Families	**489,213**	**98,995**	**384,032**	**330,111**	**1,302,351**	**1,104,890**	↑
Community & Housing	**1,153,940**	**1,015,947**	**1,262,324**	**1,885,047**	**5,317,259**	**5,149,915**	↑
Chief Executive's					**-**	**-**	↓
CHAS 2013	**23,431**	**1,931**	**3,030**	**9,510**	**37,902**	**29,583**	↑
Total	**3,239,546**	**2,300,129**	**3,324,444**	**5,044,193**	**13,908,312**	**13,518,017**	↑

1.3 Since the position was last reported on 31 March 2019, the net level of arrears, i.e. invoices over 30 days old, has increased by £390,295.

1.4 Since last reported at the end of March 2019 Environment and Regeneration department debt has increased by £520,000, mainly due to increases on Community Infrastructure Levy (£309,000), Trading Standards (£131,000) and Highways (£167,000). Community and Housing debt has increased by £168,000, there has been a reduction in debt for most services although an increase in MASCOT (£309,000) due to the recently issued yearly invoices now being over 30 days old.

The debt recovery team are working with service departments to pursue and collect these debts, or make recommendations to make payment easier.

1.5 Actions being taken to collect housing benefit overpayments and Adult Social Care debt are detailed below in the report.

2 THE PROCESS FOR COLLECTION OF MISCELLANEOUS DEBT

2.1 In considering the current levels of debt, it is important to outline the general process Merton currently has in place to collect its arrears. In general terms the process has 5 stages, as detailed below, although processes employed vary by debt type. It is important to note that most debtors can not pay their outstanding liabilities other than by payment arrangements. Once a payment arrangement has been made it can not be changed without the debtors consent.

The process for collecting debt

Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
Invoice issued to debtor with 30 days allowed for payment.	After 30 days and following two requests for payment, a final warning notice is issued and the case passed to the Debt Recovery team.	The debt and debtor is evaluated to ensure the most effective recovery action is taken. This will include contacting debtors' direct and collecting payment or agreeing repayment plans and passing the debt to collection agents to collect on our behalf, bankruptcy proceedings, attachment to benefit etc.	If the debt remains unpaid then County Court action is taken by the Debt Recovery team's solicitor who administers this process.	The final stage is consideration of the debt for write-off if all other attempts to collect the debt have failed.

3. ACTION BEING TAKEN TO COLLECT OUTSTANDING DEBT

3.1 Adult Social Care Debt

3.2 One of the two largest debts owed to the council is for Adult Social Care debt and the current level of this debt is £4.447 million, a reduction of £16,000 since last reported in March 2019.

3.3 Over the past few year's council staff have been working closely and following new processes to manage this debt. This work involves regular joint meetings between the financial assessments, social services, client financial affairs and debt recovery teams to review the debts of individual clients and establish action plans for each one.

3.4 These actions include, but are not limited to: early intervention from social workers to prevent debts from getting out of control and to ensure that clients are supported earlier to get their finances in order; as part of their induction all new Social Workers spend time with the Financial Assessment Team, to understand how financial assessments are carried out; social workers also check to see if there any safeguarding issues around non-payment of bills and work very closely with the Welfare Benefits Officer; there is more use of credit checks and land registry checks when assessing/investigating debt issues; increased involvement from the client financial affairs team to take appointeeship for those without capacity or appropriate deputyship; Increased identification of cases where we will consider legal action to secure the debt and generally to share information and support each other in the collection and prevention of this debt. New deferred payment arrangements are excluded from the debt position as the cases are managed separately within Community and Housing. Although the debt has grown the actions being taken are mitigating the impact.

3.5 A new working group chaired by the Director of Community and Housing has been set up to monitor Community Care debt and to work across departments to improve processes and ensure best practice is in place to maximise collection of debts at all stages.

3.6 The table below shows the breakdown of Community Care debt by recovery action

<u>Total Community Care Debt by recovery action as at June 2019 compared to June 2018, September 2018, December 2019 and March 2019</u>

Adult Social Care Debt	Jun-18	% at stage	Sep-18	% at stage	Dec 18	% at stage	Mar-19	% at stage	Jun-19	% at stage
Invoice stage	360,575	7%	385,921	8%	547,523	11%	257,451	5%	318,546	
Charge & Deferred Payment	255,870	5%	47,673	1%	32,061	1%	48,496	1%		
Payment arrangement	178,224	4%	180,288	4%	116,261	2%	88,263	2%	91,639	
Probate, DWP & Deputyship	476,696	10%	468,353	9%	321,603	7%	340,580	8%		
Court action	84,598	2%	84,598	2%	84,598	2%	84,598	2%		
Dept or service query	25,097	1%	22,615	1%	60,035	1%	26,114	1%		
No action secured	2,271,872	45%	2,296,871	46%	2,241,334	46%	2,359,519	53%		
J&P	1,323,327	0.26	1,426,309	29%	1,503,138	30%	1,258,778	28%	1,277,010	
Total Debt	4,976,259		4,912,628		4,906,553		4,463,799		4,447,102	

It has not been possible to extract the breakdown of this debt from E5 for June 19. It is hoped it will be provided when next reported

Please note that debt at invoice stage is where the invoice is less than 30 days old so not included in table 1 above under Community and Housing.

3.7 Every four weeks the council raises approximately £490,000 in Adult Social Care invoices and of this collect £120,000 by direct debit, or 46% of clients.

3.8 This results in approximately £370,000 of debt (approximately 34%) needing to be collected each month (£1.1 million a quarter) for the level of outstanding debt to remain static.

3.9 For the financial year 2018/19 approximately £5.8 million in invoices for Adult Social Care charges were issued and of that amount £1.33 million (23%) remains outstanding at 31 March 2019.

3.10 An initiative was commenced in April 2019 to issue communication with all non direct debit payer invoices encourage the take up of direct debit payment method. In April we issued 471 non direct debit emails and managed to increase take up by 62 accounts signing up for direct debit. This exercise will be repeated in September.

3.11 In February 2018 agreement was reached with a specialist Adult Social Care debt collection company to collect some of our larger debts and debts for deceased debtors for a one year trial. As at the 13 June 2019 we had passed 35 cases totalling £1.86 million. Of these cases 7 totalling £478,000 were returned as uncollectable after investigations. Another 6 cases totalling £284,000 were paid in full.

3.12 Of the remaining 22 cases they have identified 10 (£610,000) as 70% to 100% prospect of payment, 10 (£646,000) as 50% to 69% prospect of collection and the remaining 2 (£90,000) less than 50% prospect of collection.

3.13 Agreement has recently been reached with the Shared Legal Service to undertake this legal work for an initial trial period of six months.

3.14 <u>Housing Benefit Overpayments</u>

3.15 The largest area of debt owed to the council is for housing benefit overpayments with the total level of debt being £7.893 million, which is a small reduction of £33,000 since last reported at the end of March 2019.

3.16 The Department of Work and Pensions commenced a “Real Time” Information initiative at the end of September 2014 which was aimed at ensuring that earnings and pensions data within the housing benefit system matched that held by HMRC. At the same time they also commenced another initiative to identify fraud and error.

3.17 The DWP have provided additional funding to the council to undertake this work and up until March 2017 granted additional income based on targets met.

3.18 The Real Time information initiative continued throughout 2018/19 and will again run in 2019/20 under Verification of Earnings and Pension (VEP) initiative. The council receives notifications every week for cases where the DWP suggests we check earnings details using the real time information.

3.19 Since the start or the Real Time information initiative over £5.4 million of overpayments have been identified. Where possible these overpayments are being recovered from on-going benefit payments. We are entitled to deduct between £10.95 and £23.35 per week from on-going housing benefit dependant on circumstances. Where the change has resulted in housing benefit being cancelled or nil entitlement we can contact the claimants employer and are paid a percentage deduction of their salary each month.

3.20 Although the overall housing benefit debt has increased over the years there has also been an increase in the amount of debt either being recovered from on-going benefit or on arrangements, with £2.6 million being recovered from on going benefit by reducing current housing benefit payments. Just over £5.6 million is on a payment arrangement or recovery from on going benefit

3.21 The table below shows breakdown of all housing benefit overpayments by recovery action.

Total Housing Benefit Debt by recovery action from June 2017 to June 2019 by quarter

Recovery Stage	**Jun-17**	**Sep-17**	**Mar-18**	**Jun-18**	**Sep-18**	**Dec-18**	**Mar-19**	**Jun-19**
Invoice and Reminder stage	284,713	379,477	340,008	312,186	347,861	407,687	151,889	152,121
On-going recovery	3,363,611	3,354,237	3,032,656	2,775,552	2,618,115	2,477,390	2,550,198	2,622,894
Payment Arrangements	2,353,352	2,511,028	2,647,525	2,826,435	3,012,437	3,249,997	3,256,461	3,044,975
No Arrangements secured	2,665,410	2,387,794	2,427,693	2,384,329	2,216,787	1,912,306	1,967,960	2,073,063
Total HB Debt	**8,667,086**	**8,632,536**	**8,447,882**	**8,298,502**	**8,195,200**	**8,047,380**	**7,926,508**	**7,893,053**

3.22 We have continued to review and target all housing benefit debt. We have tried to improve the procedures at the beginning of the process when a debt is first identified by ensuring that invoices are raised as soon as possible to give the best chance of recovery, we are targeting debtors who are now in work and we will be applying to recover the overpayments from their employers and we are looking at the oldest debts to consider if they are still collectable. However, it should be noted that a lot of the housing benefit debt is very difficult to recover as the Council's powers of recovery are very limited unless the debtor works or owns their own property.

3.23 We commenced another DWP initiative to assist with the collection of unpaid overpayments. On a monthly basis we provide a list of debts to the DWP who will compare it to HMRC data and highlight where customers are now working so that we can apply for an attachment to their earnings. This commenced in May 2018 and since then we have applied for in excess of 270 new attachment to earnings. We currently have £690,674 set to recover by this method. We have also been provided with up to date contact details of debtors which has enabled us to make contact and secure further payment arrangements and payments.

3.24 The table below shows the value of housing benefit overpayments created and collected by year in millions.

Year	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Overpayments raised	**4.67**	**4.56**	**3.66**	**3.74**	**3.10**	**0.96**
Overpayments collected	**2.22**	**2.88**	**2.75**	**2.92**	**3.00**	**0.66**
Recovered from ongoing benefit	**1.33**	**1.69**	**1.64**	**1.74**	**1.40**	**0.33**

3.25 It should be noted that in 2018/19 collection was higher than in previous years. The amount recovered from ongoing benefit is included in the overpayments collected and does not necessarily tie back to the year the overpayment was raised.

3.26 It has previously been reported that a new initiative with an external company to review and try to collect housing benefit overpayments that have been written off by the council over the past five years had been explored. This commenced in May 2019 with the company reviewing approximately £1.9 million (1,469 cases) of previously written off debt.

3.27 By the end of June the company reported that they had issued letters to 416 accounts, had applied for 145 attachment to earnings, set up 58 payment arrangements and received just over £10,000 in payments.

3.28 They had assigned three full time officers to the initiative and have obtained information on accounts from the DWP as detailed in 3.23 above.

3.29 A further update of this initiative will be provided in the September 2019 report.

3.30 Debt Written Off

3.31 The table below shows the amount of debt written off in accordance with financial regulations and scheme of management for the period 2014/15 to 2018/19 plus for this year.

Debt written off since 2014/15 to date by debt type

	2014/15	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**
	Total	**Total**	**Total**	Total	**Total**	**Quarter 1**
Debt type						
Sundry Debt	£347,726	£581,419	£129,338	£443,317	£572,301	£0
Housing benefit overpayments	£1,050,105	£510,352	£517,467	£512,379	£364,549	£28,901
Council Tax	£526,881	£951,280	£623,486	£804,987	£424,936	£101,495
Business Rates	£790,373	£659,514	£567,908	£378,155	£367,299	£0
Total	**£2,715,085**	**£2,702,565**	**£1,838,199**	**£2,138,838**	**£1,729,085**	**£130,396**

3.32 Of the business rates debt written off a large proportion relates to debts owed by businesses that went into liquidation. From 2014/15 to 2018/19 £2.761 million of business rates debt was written off and £1.5 million (54%) related to businesses that went into liquidation.

3.33 Although the debt written off within any of the years does not relate to one specific year it should be noted that in 2018/19 the council was collecting a net debt of £111.5 million in council tax (this includes the GLA portion), a net debt of £94.3 million in business rates (this includes Business Rates Supplement) and approximately over £83 million raised through sundry debts.

3.34 Every effort is made to collect all outstanding debts and debts are only written off as a last resort. The council is still collecting some council tax debts that are greater than 6 years old or will have secured the debts against properties where possible.

4. SUNDRY DEBT COLLECTED

4.1 Based on previous years performance (2013/14 to 2015/16) an average of £56 million invoices were raised each year and 97.9%

collected. This data is based at 31 December 2016 prior to the implementation of E5.

4.2 Of the £83 million sundry debt raised in 2018/19 we have already collected over £76.6 million (92%)

4.3 Active recovery action continues to be undertaken on all outstanding debts. Some of the debt owed for previous years would be secured against a charge on the property or deferred payment arrangement.

5. PROVISION FOR BAD AND DOUBTFUL DEBTS

5.1 Provision has been made in the draft 2018/19 accounts for writing off bad and doubtful debts held within the ASH, E5 and Housing benefits systems. These provisions are £3.442m for Accounts Receivable (including former ASH) miscellaneous debt and £5,890m for debt held in the Housing Benefits system, making a total General Fund provision for bad and doubtful debts of £9,332m. Clearly, every attempt is made to collect debts before write-off is considered. The current level of General Fund provision is analysed in the table below.

5.2 The Council adheres to the principles of the SORP when calculating its provisions. Merton’s methodology is to provide on the basis of expected non collection using estimated collection rates for individual departmental debt which take account of the age of the debt.

Provision for Bad and Doubtful Debts

Department	Total Provision	
	At 31/03/2018	At 31/03/2019
	£000's	£000's
Env & Regeneration	608	701
Corporate Services	171	119
Housing Benefits	6504	5890
Children, Schools & Families	413	426
Community & Housing	2249	2196
Total	**9945**	9332

6. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as at 30 June 2019 is detailed in the table below.

Total debt outstanding as at 31 March 2019 and compared with previous periods over the past 18 months

	Mar 18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
	£	£	£	£	£	£
Miscellanous sundry debt Note 1	15,778,776	14,758,378	13,492,395	14,496,116	17,532,710	16,803,235
Housing Benefit debt	8,447,884	8,298,503	8,195,200	8,047,380	7,926,508	7,893,055
Parking Services	4,876,618	4,398,706	4,352,661	4,658,685	4,508,378	4,535,378
Council Tax Note 2	8,239,656	7,340,722	6,587,840	6,127,652	8,157,533	7,215,847
Business Rates Note 3	2,892,639	2,806,594	2,099,948	1,822,228	2,979,843	2,586,876
Total	**40,235,573**	**37,602,903**	**34,728,044**	**35,152,061**	**41,104,972**	**39,034,391**

Note 1 The amount shown against miscellaneous sundry debt above differs from the amount shown in table 1 as it shows all debt, including debt which is less than 30 days old and table 1only includes debt over 30 days old and also includes housing benefit overpayments which is shown separate in the table above.
Note 2 Council tax debt now includes unpaid council tax for 2018/19 in March 19 figures hence the increase.
Note 3 Business rates debt now includes unpaid business rates for 2018/19 in March 19 figure hence the increase.

6.1 The overall debt outstanding has reduced by £2,070,581 since last reported at the end of March 2019.

6.2 All debts have reduced since last reported at the end of March 2019 except Parking debt which has increased by £27,000.

6.3 A more relevant comparison is between June 2018 and June 2019. The changes in outstanding debt are as follows

Overall £1,432,000 increase
Sundry debt £2,045,000 increase (debt under 30 days increased by £2,800,000)
Housing Benefit £405,000 decrease
Council Tax £125,000 decrease
Parking £137,000 increase
Business Rates £220,000 decrease

6.4 Detailed breakdowns of the Council Car Parking figures are shown in the table below:

Car Parking Aged Debtors – 30 June 2019

Age of Debt	Outstanding £	Number of PCNs	Average Value £
0-3 months	£1,163,440	9,472	£123
3-6 months	£680,586	4,153	£164
6-9 months	£617,756	3,520	£175
9-12 months	£487,290	2,746	£177
12-15 months	£457,342	2,550	£179
Older than 15 months	£1,129,462	6,597	£171
Total	£4,535,876	29,038	£156
Total March 2019	£4,508,378	30,306	
Increase/-decrease	£27,498+	1,268-	

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CABINET

Date: 19 September 2019

Subject: Financial Report 2019/20 – July 2019

Lead officer: Roger Kershaw

Lead member: Mark Allison

Recommendations:

A. That Cabinet note the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £0.2 million, 0.04% of gross budget.

B. That Cabinet note the contents of Section 4 of the report and approve the amendments below :

C. Scheme	2019/20 Budget	2020/21 Budget	Narrative
Corporate Services			
Revenues and Benefits	(400,000)	400,000	Re-profile from 2019/20 to 2020-21
Planning and Public Protection	(199,950)	199,950	Re-profile from 2019/20 to 2020-21
Housing Company	(20,000,000)	20,000,000	Reprofiling of Housing Company Projected Spend
Customer Contact	(1,200,000)	1,200,000	Reprofiling in accordance with projected spend
Children, Schools and Families			
Perseid Capital Maintenance	(177,000)		Virement to cover projected higher cost of scheme
Further Unallocated SEN Budget	(188,020)	188,020	Reprofiled in accordance with spend
Environment and Regeneration			
Haydons Road Shop Front Improvement	224,000		Neighbourhood CIL Funded Scheme
Mitcham Town Centre	(430,620)	425,000	£425k re-profiled to 19-20, £5.6k LIP Funding Relinquished
Sports Facilities - Wimbledon Park Lake De-Silting	(1,393,160)		Money being vired to cover priority scheme on the lake
Sports Facilities - Wimbledon Park Lake Reservoir Safety*	1,393,160		Money required to cover statutory obligations
Total	**(22,371,590)**	**22,412,970**	

* The Wimbledon Park Lake Reservoir Safety scheme will require Council Approval

C. That Cabinet approves £170,860 from the Outstanding Council Programme Board (OCPB) Reserve for further integration work between the Council's CRM system and our street cleansing and waste collection provider's system (ECHO).

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the financial monitoring report for period 4, 31st July 2019 presented in line with the financial reporting timetable.
This financial monitoring report provides -

- The income and expenditure at period 4 and a full year forecast projection.
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2019/20;
- Progress on the delivery of the 2019/20 revenue savings

2. THE FINANCIAL REPORTING PROCESS

2.1 The budget monitoring process in 2019/20 continues to focus on children's social care, which overspent in 2018/19 and continues to have budget pressures. There will also be focus on adult social care placements where there is continued pressure. Equally budget monitoring will focus on accuracy of forecasting as the 2018/19 outturn underspend demonstrates some over cautious forecasting in certain services. It is equally important to forecast expected underspends as it is overspends to ensure the overall Council forecast position is accurate.

2.2 Chief Officers, together with budget managers and Service Financial Advisers are responsible for keeping budgets under close scrutiny and ensuring that expenditure within budgets which are overspending is being actively and vigorously controlled and where budgets are underspent, these underspends are retained until year end. Any final overall overspend on the General Fund will result in a call on balances; however this action is not sustainable longer term.

2.3 2019/20 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 4 to 31st July 2019, the year-end forecast is a net £0.2m overspend compared to the current budget.

Summary Position as at 31st July 2019

	Current Budget 2019/20 £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Outturn variance 2018/19 £000s
Department					
3A.Corporate Services	11,351	10,854	(497)	(698)	(2,511)
3B.Children, Schools and Families	61,383	63,126	1,743	2,235	2,271
3C.Community and Housing	63,753	64,060	307	268	(197)
3D.Public Health	0	27	27	0	0
3E.Environment & Regeneration	15,997	15,604	(393)	(430)	(1,526)
Overheads	0	0	0	0	(33)
NET SERVICE EXPENDITURE	**152,483**	**153,670**	**1,187**	**1,375**	**(1,996)**
3E.Corporate Items					
Impact of Capital on revenue budget	10,481	10,481	0	0	403
Other Central budgets	(20,582)	(21,569)	(987)	(667)	(6,064)
Levies	949	949	0	0	0
TOTAL CORPORATE PROVISIONS	**(9,152)**	**(10,139)**	**(987)**	**(667)**	**(5,661)**
TOTAL GENERAL FUND	**143,331**	**143,531**	**200**	**708**	**(7,657)**
FUNDING					
Revenue Support Grant	0	0	0	0	0
Business Rates	(44,026)	(44,026)	0	0	0
Other Grants	(8,169)	(8,169)	0	0	0
Council Tax and Collection Fund	(91,070)	(91,070)	0	0	0
FUNDING	**(143,265)**	**(143,265)**	**0**	**0**	**0**
NET	**66**	**266**	**200**	**708**	**(7,657)**

The current level of GF balances is £13.778m and the minimum level reported to Council for this is £12.53m.

3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	2019/20 Current Budget £000	2019/20 Full year Forecast (July) £000	2019/20 Full Year Forecast Variance (July) £000	2019/20 Full Year Forecast Variance (June) £000	2018/19 Outturn Variance £000
Customers, Policy & Improvement	3,573	3,432	(141)	(203)	(246)
Infrastructure & Technology	11,767	11,838	71	35	(64)
Corporate Governance	2,432	2,378	(54)	(74)	(294)
Resources	5,915	5,762	(153)	(338)	(707)
Human Resources	1,919	1,975	56	74	16
Corporate Other	833	557	(276)	(192)	(1,216)
Total (Controllable)	**26,439**	**25,942**	**(497)**	**(698)**	**(2,511)**

Overview

At the end of period 4 (July) the Corporate Services (CS) department is forecasting an underspend of £497k at year end. The underspend forecast has reduced by £201k since period 3 (June).

Customers, Policy and Improvement - £141k under

Customer contact is forecasting a £72k underspend due to lower than budgeted licence costs. The licences requiring extension are under review and the forecast will be updated accordingly throughout the year. There is a forecast underspend of £49k on cash collections, capturing future year savings early in 2019/20. The translations service has a forecast underspend of £24k, mainly as a result of additional income from internal translation requests compared to the budgeted amount and a vacancy within the team. Merton link is forecasting a £12k underspend owing to various running costs. Marketing and communications have a £44k underspend forecast from less than budgeted spend on the council magazine and graphic design, this is in line with the level of spend in 2018/19. A further £44k underspend is forecast on community engagement, this is a result of maternity leave in the team as well as there being no resident survey planned for 2019/20.

A £40k overspend is forecast on the registrars service relating to various running cost budgets such as ground maintenance and marketing as well as an underachievement of a staffing saving (2019-20 CS05). This is partly offset by the overachievement of income; however, income for 19/20 is expected to be £103k less than that achieved in 18/19 due to the Home Office no longer providing additional work. Additionally, press and PR are forecasting a £30k overspend due to underachievement of income.

Overall the forecast underspend on CPI has reduced by £62k from period 3. This is mainly due to updated information on the cost of customer contact licence extensions.

Infrastructure & Technology - £71k over

I&T are forecasting overspends on telecoms of £91k due to delays in the PABX telecoms implementation and £85k on the Professional Development Centre (Chaucer Centre) due to the underachievement of rental income. Facilities management are forecasting a £33k overspend reflecting the use of agency staff and only a partial achievement of a saving in year (2018-19 CS04) following a recent restructure of the energy team. Facilities are forecasting a further £45k overspend on the external fees account due to the use of additional agency staff. The business systems team is also forecasting an overspend (£14k) due to the underachievement of income.

Various underspends within the division are partly offsetting the above overspends. IT service delivery is forecasting a £51k underspend due to less than budgeted licence costs and additional recharges to clients. The Civic Centre is forecasting a £24k underspend due to additional rental income and the print and post room are forecasting a £38k underspend with a vacancy held in the team. The corporate print strategy is forecasting a £54k underspend due to less than budgeted multi-functional device (MFD) costs. Additionally, transactional services are forecasting a £32k underspend resulting from the recovery of expenses in previous years.

The forecast overspend in I&T has increased by £36k since period 3. This is mainly due to the increased use of agency staff and underachievement of a saving in facilities.

Corporate Governance – £54k under

The underspend within Corporate Governance is formed of £7k from various running cost budgets held by the AD, £18k from democracy services largely due to a vacancy and £15k inflation. A further £29k underspend is forecast in the information governance team due to vacancies and consultants budget not required in year. The South London Legal Partnership (SLLp) are forecasting a £17k surplus, of which £3k is to be retained by Merton.

The above underspends are partly offset by a £10k underachievement of income from legal services outside of SLLp and small overspends forecast on electoral registration printing and postage as well as election expenses following the Cannons Hill By-Election.

The forecast underspend on Corporate Governance has reduced by £20k from the position at period 3. This is mainly due to a reduction in the forecast of legal services income and an increased forecast for canvassers within electoral registration.

Resources - £153k under

There are various underspends forecast within senior management, made up of the Chief Executive's budget (£41k under), Director of Corporate Services (£71k under) and AD Resources (£69k under) due to subscription and consultancy budgets not expected to be required in year.

Accountancy has a £207k overspend forecast on corporate accountancy due to agency spend and additional bank charges being incurred in relation to RingGo payments. Mitigating actions to reduce the additional bank charges are being reviewed and the current forecast represents a worst case scenario at this point. As more information is gathered the updated overspend position will be examined and additional funding required from E&R budgets will be considered. This is partly offset by a £27k underspend within the budget management team due to vacancies held for part of the year. Offers made to fill the vacancies have been accepted and the new employees are expected to begin in September.

A £40k overspend is forecast on the financial information system (FIS) team mainly due to additional licence and staffing costs, with a business case pending to review ongoing budget pressures within the team.

The insurance and treasury teams are forecasting a £13k overspend due a shortfall on schools buyback income and the use of agency staff part offset by higher than budgeted recharges to the pension fund.

The Merton and Sutton bailiff services are forecasting to underspend by £97k due to additional income in excess of the budget. Benefits administration is forecasting a £217k underspend mainly due to additional income from DWP for various schemes though this is in part offset by agency spend. There is a forecast overspend of £113k on local taxation services due to various running costs and agency spend which is not fully offset by additional income relating to the cost of collection for NDR and council tax.

The forecast underspend in the resources division has reduced by £185k compared to period 3. This is partly due to forecast for the local taxation service increasing by £68k. This reflects the lower level of income related to the cost of collection achieved up to the end of July compared to the same period last year. The insurance premiums forecast has increased by £64k to bring it in line with the costs incurred in 18/19 pending further review of the expected 19/20 costs. Corporate accountancy's forecast has also increased by £29k, reflecting the continued use of agency staff. Recruitment costs have also increased following exercises to fill multiple vacancies.

Human Resources – £56k over

Learning and development is forecasting a £28k overspend due to the recruitment costs for the Head of Organisational Development and HR Strategy and estimated interim agency costs. A significant budget pressure within HR is from the transactions budget which is currently forecasting a £75k overspend. This is due a £15k budget pressure on DBS recharges to clients, which no longer include an internal admin charge as the work is carried out by the London Borough of Kingston, and the remainder relates to the shared payroll system and iTrent client team charges, also by the London Borough of Kingston. The underachievement of schools buy back income is also contributing to the HR overspend.

Payroll has an underspend forecast of £31k as a result of a restructure in year, which captures part of a future year saving early, and a vacancy held in the team. Occupational health fees are forecast to have a £10k underspend.

Overall the HR overspend has reduced by £18k compared to the position at period 3, mainly due to a review of the salary forecasts to reflect the current staffing levels.

Corporate Items - £276k under

The Housing Benefit budget shows a forecast surplus of £1.23m on the account against a budgeted surplus of £1m. The unbudgeted surplus relates to an underspend against the budget to top-up the bad debt provision, part offset by an overpayment recovery shortfall.

The Coroners Court is forecasting an overspend of £46k, incorporating a contingency for additional charges from Westminster. This part offsets with £41k additional income from the Magistrates court. A further £33k underspend is forecast on the pensions added years budget.

The forecast underspend on corporate items has increased by £84k since period 3. This is due to a reduced coroners court forecast, following an update from Westminster on costs for the first quarter of 19/20, and the identification of an underspend on the pensions added years budget based on costs incurred to date.

Environment & Regeneration

Environment & Regeneration	2019/20 Current Budget £000	Full year Forecast (July) £000	Forecast Variance at year end (July) £000	Forecast Variance at year end (June) £000	2018/19 Outturn Variance £000
Public Protection	(13,064)	(13,427)	(363)	(402)	(753)
Public Space	14,682	15,043	361	304	(1,449)
Senior Management	975	987	12	12	(17)
Sustainable Communities	8,239	7,836	(403)	(344)	694
Total (Controllable)	**10,832**	**10,439**	**(393)**	**(430)**	**(1,525)**

Description	2019/20 Current Budget £000	Forecast Variance at year end (June) £000	Forecast Variance at year end (May) £000	2018/19 Variance at year end £000
Overspend within Regulatory Services	604	107	76	112
Underspend within Parking Services	(14,539)	(600)	(669)	(964)
Overspend within Safer Merton & CCTV	871	130	191	99
Total for Public Protection	**(13,064)**	**(363)**	**(402)**	**(753)**
Overspend within Waste Services	13,716	344	321	(1,611)
Underspend within Leisure & Culture	416	(36)	(35)	(222)
Underspend within Greenspaces	1,245	(43)	(58)	145
Overspend within Transport Services	(695)	96	76	239
Total for Public Space	**14,682**	**361**	**304**	**(1,449)**
Overspend within Senior Management & Support	975	12	12	(17)
Total for Senior Management	**975**	**12**	**12**	**(17)**
Underspend within Property Management	(2,692)	(421)	(472)	368
Underspend within Building & Development Control	4	(1)	118	275
Overspend within Future Merton	10,927	19	10	51
Total for Sustainable Communities	**8,239**	**(403)**	**(344)**	**694**
Total Excluding Overheads	**10,832**	**(393)**	**(430)**	**(1,525)**

Overview

The department is currently forecasting an underspend of £393k at year end. The main areas of variance are Parking Services, Safer Merton & CCTV, Waste Services, and Property Management.

Public Protection

Parking Services underspend of £600k
The underspend is mainly as a result of additional penalty charge notices being issued, following the implementation of the ANPR system across the borough (£1,179k), and P&D income (£539k).

The section has a £1,900k saving this year relating to the review of parking charges, based on an October start date. As the implementation date for the revised charges is still subject to Cabinet approval and subject to change, the forecast reflects a prudent approach to the likely implementation date, and associated income of £950k.

Included within this forecast is an employee related overspend of £109k is forecast due to a combination of savings not yet implemented and increased demand.

There have been delays in implementing all of the parking savings to date. In terms of ANPR, there was an initial assumption that there would be a peak in the processing work and, balanced with on-going compliance, the processing volume would drop. However, although the section still expects compliance to further increase, it has not yet occurred to the level expected as processing volumes remain above estimated levels, leading to the need to continue to employ additional agency staff.

Safer Merton & CCTV overspend of £130k
The section is forecasting to overspend on annual network and connection costs by £28k, and by c£40k on one-off CCTV upgrade and relocation costs. In addition, the CCTV section has a 2019/20 saving of £100k relating to charging local businesses for monitoring of their CCTV, which will not be achieved, coupled with the underachievement of its current income budget by £44k.

Elsewhere within the section, underspends on employees (£27k) and income contributions (£55k) are helping to partially mitigate these pressures.

The CCTV budgets are currently being reviewed by the Safer Merton & CCTV manager and the AD of Public Protection in order to mitigate these pressures, which may include an alternative saving being presented to Cabinet in due course.

Public Space

Waste Services overspend of £344k
The section is forecasting to overspend on its employee costs by £93k, which is mainly due to a delay in fully implementing a 2018/19 saving (ENR6), and the temporary employment of a Public Space Inspector for six months to provide greater resilience in the monitoring of our service provider performance.

The section is also forecasting to overspend on its waste collection and street cleansing contract by £426k. This is largely due to the non-budgeted internal debt charge of £676k, along with recharges for additional services being undertaken by the service provider.

These pressures are being partially mitigated by a forecast underspend on disposal costs of £226k.
Following the introduction of the new wheelie bin service we have seen a significant reduction in the level of general refuse being collected and disposed of through our Energy Waste facility at Beddington, alleviating the need for landfill and the associated landfill tax charges.

Over this period, we have seen a 12% reduction in refuse, which equates to a monthly average reduction of over 450 tonnes per month. The main contributor to this success is the increase in food waste participation, which has seen an increase of over 70% or 191 tonnes per month.

Sustainable Communities

Property Management underspend of £421k

The principal reason for the forecast underspend relates to exceeding the commercial rental income expectations by £749k, which includes £150k of one-off income from conducting the backlog of rent reviews in line with the tenancy agreements.

This is being partially offset by an overspend of £233k on premises related expenditure, for example, utility and repairs & maintenance costs. In addition, a £50k overspend is being forecast relating to external valuations to support asset valuations.

Children Schools and Families

Children, Schools and Families	2019/20 Current Budget £000	Full year Forecast Jul £000	Forecast Variance at year end (Jul) £000	Forecast Variance at year end (Jun) £000	2018/19 Variance at year end £000
Education	24,993	25,413	420	524	(37)
Social Care and Youth Inclusion	19,494	21,502	2,008	2,429	3,211
Cross Department budgets	1,029	1,014	(15)	(3)	(20)
PFI	8,573	8,273	(300)	(345)	(354)
Redundancy costs	2,183	1,813	(370)	(370)	(529)
Total (controllable)	**56,272**	**58,015**	**1,743**	**2,235**	**2,271**

Overview

At the end of July Children Schools and Families forecast to overspend by £1,743m on local authority funded services, a reduction in overspend of £492k from June's outturn forecast. The overspend is mainly due to the volatile nature of placement and SEN transport budgets, and the current volume of CSC activity and Education, Health and Care Plan (EHCP) requests. Despite an increasing population, Merton has managed to hold steady our number of children in care through a combination of actions, which are detailed in the management action section below. However, EHCP numbers continue to rise.

The CSF department received £500k growth for 2019/20 which was all allocated against the SEN transport cost due to the continuing pressure in this area.

Local Authority Funded Services

Significant budget variances identified to date are detailed in the table below:

Description	Budget £000	Jul £000	Jun £000	2018/19 £000
Procurement & School organisation	594	(186)	(191)	(411)
SEN transport	4,705	1,097	978	1,223
Early Years services	3,117	(157)	(136)	(349)
CWD team staffing	571	(100)	(73)	(88)
Other small over and underspends	16,006	(234)	(54)	(412)
Subtotal Education	**24,993**	**420**	**524**	**(37)**
Fostering and residential placements (ART)	7,111	696	696	1,057
Un-accompanied asylum seeking children (UASC)	75	497	601	488
Community Placement	0	385	500	500
No Recourse to Public Funds (NRPF)	21	141	141	301
MASH & First Response staffing	1,618	257	233	354
Legal costs	526	170	264	280
Other small over and underspends	10,143	(138)	(6)	231
Subtotal Children's Social Care and Youth Inclusion	**19,494**	**2,008**	**2,429**	**3,211**

Education Division

The procurement and school organisation budget is forecast to underspend by £186k because of lower spend on revenuisation budgets. This budget relates to the revenue cost of construction projects and is affected by slippage of capital schemes. The majority of this is used for temporary classrooms usually required due to rising pupil demand when it is not viable to provide permanent buildings.

The SEN transport budget is forecast to overspend by £1.097m. The forecast for maintained school taxis is £3.598m, circa £313k more than last year. This is our best estimate based on the information available at the end of July. A more accurate forecast for the current financial year is expected in October once all the changes of the new academic year have been procured. The current estimated cost does not include a forecast for new placements that may be required during the year. To support the cost pressure in this area, the £500k growth allocated to the department in 2019/20 has been allocated against this budget. However, this has been insufficient to cover the full extent of the growth in this area.

As part of management action to reduce the overall in-year departmental overspend, where possible in the Early Years' service, recruitment to vacancies is being delayed. At the end of July this is estimated to deliver a £157k underspend.

The Children with Disabilities (CWD) team, which has newly transferred to the Education division, is holding vacant posts which is expected to deliver a £100k underspend in the current financial year. Some of this underspend is being used to offset social work cost pressures in the fostering service.

There are various other small over and underspends forecast across the division netting to a £234k underspend. These combine with the items described above to arrive at the total divisional overspend forecast of £420k.

Children's Social Care and Youth Inclusion Division

At the end of July Merton had 162 Looked After Children (LAC). This is an increase of 1 child from June. The numbers of LAC in Merton remain relatively stable and we continue to maintain relatively low levels of children in care as detailed in the table below:

Overview	2015/16	2016/17	2017/18	2018/19
Number of children in care as at 31st March	163	152	154	160
Of which UASC	22	20	28	34
Rate per 10,000	35	33	33	34
London Rate	51	50	49	tbc
England Rate	60	62	64	tbc

The complexity of a significant proportion of cases is causing cost pressures as detailed below.

Service	Budget £000	Jul spend £000	Variance Jul £000	Variance Jun £000	Placements Jul No	Placements Jun No
Residential Placements	2,306	2,006	(300)	(300)	14	14
Independent Agency Fostering	1,753	1,953	200	200	35	34
In-house Fostering	992	1,696	704	704	72	73
Secure accommodation	138	138	0	0	0	2
Mother and baby	103	103	0	0	1	0
Supported lodgings/housing	1,819	1,911	92	92	61	61
Total	**7,111**	**7,807**	**696**	**696**	**183**	**184**

The ART service seeks to make placements with in-house foster carers wherever possible and in line with presenting needs, however, the capacity within our in-house provision and the needs of some looked after children mean that placements with residential care providers or independent fostering agencies are required. Some specific provision is mandated by the courts.

The placement forecasts includes a prediction of costs expected for known placements as well as an estimated cost for movement in placements, including new cases, expected during the year. These assumptions are reviewed and updated every month and estimates adjusted accordingly to provide our best estimate of full year costs.

- The Residential placement expenditure is forecast to underspend by £300k at the end of the financial year. We currently have 14 residential (including 9 respite) in July.
- The Independent Agency Fostering expenditure is forecast to overspend by £200k. We currently have 35 placements. There is an increase of one new placement from June. The cost difference is contained within the expected movement built into the full year estimated cost.
- The In-house Foster carer expenditure is forecast to overspend by £704k. We currently have 72 placements. There has been 4 new placements while 5 placements ended during July. The cost difference of this change in placements is contained within the expected movement built into the full year estimated cost.
- The Youth Justice secure accommodation expenditure is projected to spend to budget in July. We have no current placements at the moment but are forecasting for additional placements expected by the end of financial year.
- The mother and baby assessment unit expenditure is forecast budget for the current year.
- We are forecasting that the budget for the semi-independent accommodation and supported lodgings/housing placements will overspend by £92k in July. There has been 4 new placements while 4 placements ended during July. The cost difference of this change in placements is contained within the expected movement built into the full year estimated cost.
- At the end of July, UASC placements and previous UASC that are now Care Leavers were forecasting to overspend by £497k, down from £601k in June.

Service	Budget £000	Jul spend £000	Variance		Placements	
			Jul £000	Jun £000	Jul No	Jun No
Independent Agency Fostering	380	469	89	90	11	11
In-house Fostering	0	628	628	543	29	26
Supported lodgings/housing	170	675	505	505	24	25
UASC grant	(475)	(1,200)	(725)	(537)		
Total	**75**	**572**	**497**	**601**	**64**	**62**

At the end of July, we had 33 placements for UASC young people under 18 in foster care. We also had 7 previous UASC that are now care leavers in foster placements. This will increase over the next few months due to the administration's commitment (in line with other London Labour Councils) to increase the quota to 37 (0.08% of the child population). Merton receives UASC grant towards these placements although it is not sufficient to cover the full cost.

Merton had 36 young people aged 18+ who were formerly UASC in our care at the end of July, 7 in foster care, 24 in semi-independent accommodation and 5 who received non-accommodation related support. Once UASC young people reach age 18, we retain financial responsibility for them as Care Leavers until their immigration status is agreed.

We are currently forecasting to ‘over-achieve’ our projected UASC grant income by £725k. This is based on Merton’s latest caseloads and taking account of the grant increases confirmed by the Home Office earlier this year. This is offset against the additional costs incurred through having higher numbers of UASC in our care.

We are estimating a £385k spend on the un-budgeted community placement for the current financial year. This includes a £485k estimated cost for 2019/20 reduced by an over accrual in 2018/19 of £100k. The figure is our best current estimate and is subject to change as the case is extremely complex and regularly reviewed. Forecast costs are currently based on an interim arrangement in place while further work is undertaken to secure the right long term support arrangements, although it may not be possible to establish permanent arrangements until the young person is an adult.

The NRPF budget is forecast to overspend by £141k in the current financial year. This is £160k less than last year’s overspend. The NRPF worker is working closely with housing colleagues to manage cases as they arise and also reviews historic cases to identify ones where claimant circumstances have changed and they can therefore be stepped down from services. We continue to use the Connect system to progress cases and continue to review open cases with the aim to limit the cost pressure on the council. Strong gate-keeping has resulted in a reduction of overall numbers from a peak of 30 in 2016/17 to a current caseload of 11.

We are forecasting to overspend by £257k on the MASH and First Response teams’ staffing costs. This is because the team is covering 14 vacancies out of an establishment of 30 with agency staff due to difficulty in recruiting permanent members of staff in this area.

Legal costs are forecast to overspend by £170k, £94k less than last month following a review of the costs. This cost relates to third party legal fees including Counsel, court and medical fees as well as independent expert witness and Family Drug and Alcohol Court (FDAC) costs. The investment in the FDAC is intended to reduce placement costs due to fewer children coming into care. The evidence is that this is effective in those cases that go through the FDAC process, but that this is more than offset by increases in other placement costs.

There are various other small over and underspends forecast across the division netting to a £138k underspend. These combine with the items described above to arrive at the total divisional forecast overspend of £2.008m.

Dedicated Schools Grant (DSG)

DSG funded services are forecast to overspend by £9.183m, an increase of £1.115m over last month. The DSG had a cumulative overspend of £2.909m at the end of 2018/19. The overspend in the current financial year will be adding to this balance, currently estimated at £12.092m.

The main reason for the variance relates to a £5.514m overspend on Independent Day School provision. This is a £360k increase from June 2019. The reason for the increase is the increase in placements from 216 in June to 224 in July. Based on past years’ experience, we would expect this number to increase further towards the end of the year. We are seeking to increase the number of local maintained special school places in the borough, in order to reduce these costs, but it will take time to bring these additional places on stream. At present the annual increase in the number of EHCPs significantly exceeds the number of additional special school places we are able to create in the borough. Based on the number of new EHCPs still being awarded following assessment, we would expect this cost to still increase towards year-end and the £12.092m cumulative deficit to increase further.

Other overspends include £992k on EHCP allocations to Merton primary and secondary schools, £1.764m on EHCP allocations to out of borough maintained primary, secondary and special schools, and £1.113m on one-to-one support, OT/SLT and other therapies as well as alternative education.

The table below shows the increase in number of EHCPs over the past 4 years since the entitlement changed following the implementation of the Children and Families Act. At the end of July 2019 there were 1,867 EHCPs, a 9% increase to date.

Type of Provision	Jan 2016 Total Statements and EHCPs		Jan 2017 Total Statements and EHCPs		Jan 2018 Total Statements and EHCPs		Jan 2019 Total Statements and EHCPs	
	No	%	No	%	No	%	No	%
Early Years (inc. Private & Voluntary Settings)	0	0%	1	0%	7	0%	7	0%
Mainstream Schools (inc. Academies)	422	39%	461	37%	526	35%	584	34%
Additional Resourced Provision	110	10%	111	9%	116	8%	125	7%
State Funded Special Schools	358	33%	388	31%	416	27%	440	26%
Independent Schools	132	12%	153	12%	176	12%	228	13%
Post 16 College and traineeships	25	2%	93	7%	183	12%	212	12%
Post 16 Specialist	10	1%	25	2%	44	3%	37	2%
Alternative Education	15	1%	10	1%	22	1%	28	2%
No placement (including NEET)	3	0%	0	0%	28	2%	51	3%
Total	**1075**	**100%**	**1242**	**100%**	**1518**	**100%**	**1712**	**100%**
Change over previous year				16%		22%		13%

There are various other smaller over and underspends forecast across the DSG netting to a £200k underspend which, combined with the items above, equates to the net overspend of £9.183m. This will be added to Merton's negative reserve and conversations continue with government over the funding of this.

We continue to keep abreast of proposed changes to the National Funding Formula, especially in relation to risks associated with services currently funded by de-delegated elements of the DSG. We are also working with other authorities on the deficit DSG issue and have responded to the national consultation relating to the treatment of DSG deficits.

The Early Years block of the DSG is normally adjusted in the July following the end of the financial year as it is based on January census information. We are therefore not in a position to estimate this adjustment until year-end.

Although the pressures on the high needs block are clear from the budget monitoring figures highlighted above and continue into 2019/20, some schools are also having trouble in setting balanced budgets with the funding provided to them through the funding formula. The Finance Service monitors this closely, and before any deficit budget is agreed, work is undertaken with the school to ensure they are maximising every opportunity to reduce costs and spend wisely. The number of schools setting deficit budgets has reduced from 14 in 2018/19 to 13 in 2019/20. There are various reasons for schools requiring to set deficit budgets including unfunded non-teacher pay increases, increased costs relating to children that require additional support but do not meet statutory thresholds for additional funding, reduction in pupil numbers and reduced levels of reserves that schools would previously have used to balance their budgets.

Merton has been working in conjunction with Association of Directors for Children's Services (ADCS), Society for London Treasurers (SLT), London Councils and the Children's Commissioner to lobby Central Government for additional funding. All commissioned analysis shows that the funding short is a national issue which requires additional grant funding.

Management action

Staffing report
We continue to reduce the use of agency by imposing a three month recruitment drag, where appropriate, for non-social work posts. We continue to prioritise meeting our statutory duties when determining whether recruitment drag may be applied to any vacant post.

Placements
We continue to use the Panel processes to ensure that spending on IFAs instead of in-house placements can be justified, as well as continuing our scrutiny on residential children's home placements.

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers who will offer locally based placements with a campaign targeted at attracting foster carers for teenagers and UASC young people. We have recruited 5 new foster carers this year so far. However, the target for this financial year is to recruit 20 new foster carers and we are therefore behind target.

Our aim is to slow down the increase in more expensive agency foster placements. In addition, we are implementing actions to retain our experienced existing foster carers such as increasing the support offer to them through the trauma based training and support to enable them to take and retain children with more challenging behaviours in placement and implementing the Mockingbird Model. We are also targeting our recruitment to increase our number of in-house mother and child foster placements.

Our ART Placement service is working with providers to establish more local provision and offer better value placements to the Council. We continue to convene the Semi-Independent Accommodation (SIA) Panel which will record costs incurred. We are working to identify our Housing Benefit payments and what we should be getting and what are the actuals received. This work is continuing with the aim to further reduce under-achievement of housing benefits during this year.

We have contracted with a provider to block purchase five independent units for care leavers aged 18+ to act as a step down into permanent independent living. Building on these cost reductions, we expect to be able to procure further placements of this type in 2019/20 and 2020/21.

We have updated our Staying Put policy for young people aged 18+ to enable them to remain with their foster carers in line with statutory requirements and as recommended by Ofsted in our inspection. However, the increased use of Staying-Put for young people aged 18+ impacts on available placements for younger teenagers, therefore highlighting again the need for targeted recruitment for foster carers for teenager and UASC young people. We continue to focus our foster carer recruitment on carers for teenagers to mitigate these potential additional costs.

Our average placements costs against each budget code are reported each month. Due to the low numbers in mother and baby units, small changes in numbers result in big variations in the average weekly unit costs as detailed in the following table. We are expecting the mother and baby cost to increase as these placements normally incur additional costs, i.e. transport, which is invoiced in arrears and will increase the average unit cost.

	Jan	Feb	Mar	May	Jun	Jul	Movement from last month	Jul
Description	£	£	£	£	£	£	£	No
ART Independent Agency Fostering	905	907	900	879	854	889	36	35
ART In-house Fostering	446	444	440	438	443	439	-3	72
UASC Independent Agency (Grant)	808	804	803	822	822	821	-2	11
UASC In house Fostering (Grant)	488	494	490	410	388	413	25	18
UASC Independent Agency (Non-Grant)	548	806	237	802	802	802	0	0
UASC In house Fostering (Non-Grant)	495	484	589	409	417	421	5	11
ART Residential Placements	3,977	3,974	3,978	3,919	3,887	3,886	-1	14
ART Secure Accommodation	2,841	2,841	3,374	1,890	1,890	1,890	0	0
ART Mother & Baby Unit	3,516	3,749	3,589	4,204	4,204	3,401	-802	1
Supported Housing & Lodgings (Art 16+ Accommodation)	657	640	585	611	619	630	11	61
Supported Housing & Lodgings - UASC (Grant)	759	779	782	788	736	687	-49	4
Supported Housing & Lodgings - UASC (Non Grant)	426	448	642	451	410	419	10	20

Children with additional needs

We are working with colleagues in CCGs through the tripartite process in order to secure appropriate health contribution to funding for children with complex needs, particularly through continuing healthcare (CHC) funding. This is an area we need to improve with closer working with the CCG a focus going forward. This will mainly affect the CWD budget as many of the children discussed will be placed at home with shared packages of care. Details of any arrangements made will be recorded and reflected in budget returns.

We have tried to reduce costs associated with SEND transport through a number of strategies but this is a continuing challenge with the increasing numbers of children eligible for this service. Strategies introduced include: the introduction of a dynamic taxi purchasing system; the re-provisioning of taxi routes to ensure best value for money; the introduction of bus pick up points where appropriate; promotion of independent travel training and personal travel assistance budgets where this is option is cheaper.

We have a multi-agency SEND panel providing strategic oversight of the statutory assessment process to ensure that at both a request for assessment stage and the agreement of a final EHCP, criteria and thresholds are met and the best use of resources is agreed.

To limit the increased costs, to the DSG High Needs block, of the increased number of children with EHCPs we have expanded existing specialist provision and have approved a contract to expand Cricket Green special school. We have increased Additionally Resourced Provision (ARP) in Merton mainstream schools and have further plans for new ARP provision and expansion of existing bases. Additional local provision should also assist with minimising increases to transport costs.

We are also part of a South West London consortium, which uses a dynamic purchasing system for the commissioning of specialist independent places, this enables LAs together to challenge any increases in cost and ensure best value for money in the costs of these placements, although there is evidence that other LAs are not making best use of this and it is likely to be decommissioned.

New burdens

There are a number of duties placed on the Local Authority that have not been fully funded or not funded at all through additional burdens funding from Central Government. Excluding the cost of these duties would leave a net departmental overspend of £288k, however that figure masks substantial one-off windfalls and non-recurrent and recurrent management action. The table below highlights the continued estimated overspends relating to these unfunded duties:

Description	Budget £000	Jul overspend forecast £000	Jun overspend forecast £000	2018/19 over £000
Supported lodgings/housing- care leavers	1,819	92	92	52
Supported lodgings/housing- UASC	170	505	505	774
UASC	380	717	633	211
No Recourse to Public Funds (NRPF)	21	141	141	301
Total	**2,390**	**1,455**	**1,371**	**1,338**

Following changes introduced through the Children & Social Work Act, local authorities took on new responsibilities in relation to children in care and care leavers. Local authorities are required to offer support from a Personal Adviser to all care leavers to age 25. There has been no on-going funding for the additional work required.

Other unfunded burdens include:

- The increase in the age range of EHCPs, particularly for those young people aged 18-25, due to legislation changes, which is causing cost pressures in both the general fund (in education psychology and SEN transport) and the DSG (High Needs Block costs relating to most EHCP services);
- New statutory duties in relation to children missing from education have increased the cases dealt with by the Education Welfare Service by 79% (from 290 in the 6 months from September to March 2016 to 519 in the same 6 months the following year and the level of referrals has remained at this level).
- SEND tribunals will cover all elements of children care packages, not just education.
- New requirement of social work visits to children in residential schools and other provision.

Further new burdens are expected for 2019/20 including the DfE requirement for new assessment process for all social workers (National Assessment and Accreditation System).

Community and Housing

Overview

Community & Housing is currently forecasting an over spend of £334k as at July 2019 which is an increase of £66k since June's forecast.

The service has forecasted a slight increase in its overall overspend across all areas except Merton Adult Learning. There are forecast overspends in Adult Social Care £149k, Libraries £50k, Housing £108k and Public Health £27k. Merton Adult Learning expects to achieve a breakeven position.

The department has implemented a strategy improvement and development board which will seek to transform service provided and to implement objectives identified in its Target Operating Model. As part of this process Adult Social Care is currently undergoing a review of its staffing structures and ways of working.

Community & Housing Summary Outturn Position

Community and Housing	2019/20 Current Budget £000	2019/20 Forecast Spend £'000	2019/20 Forecast Variance (July'19) £000	2019/20 Forecast Variance (June'19) £000	2018/19 Outturn Variance £000
Access and Assessment	45,199	45,168	(33)	56	(258)
Commissioning	4,449	4,376	(73)	(73)	(5)
Direct Provision	4,700	4,807	106	31	6
Directorate	1,142	1,291	149	149	90
Adult Social Care	**55,490**	**55,639**	**149**	**163**	**(167)**
Libraries and Heritage	2,186	2,236	50	33	45
Merton Adult Learning	(8)	(8)	0	0	0
Housing General Fund	1,905	2,013	108	72	(73)
Sub-total	**4,083**	**4,241**	**158**	**105**	**(195)**
Public Health	**(148)**	**(121)**	**27**	**0**	**0**
Grand Total Controllable	**59,425**	**59,759**	**334**	**268**	**(195)**

Adult Social Care
Access & Assessment - £33k underspend

This service is currently forecasting an underspend of £33k due to the net effect of the reduction in forecasted expenditure on placements based on current available data and a reduction of expected income from client contribution. It is expected that as placement continues to reduce that income levels will decrease.

Client income continues to fall despite improvements in the financial assessment process. This is subject to further investigation, but in part is due to the strategy of keeping people at home. Service users make larger contributions to the costs of residential care than to care at home as they are expected to make contributions to the 'hotel costs'. This is offset by reduced costs paid by the council. However, there appears to be a greater trend for reduced client contributions which is being reviewed.

This pressure is currently offset by other income, such as grants, and managed underspends on non-care budgets. The department will continue to track the detailed trends on a monthly basis, which will inform actions to ensure the budget remains balanced.

The department is a demand led service governed by national eligibility criteria. There was a steady decrease in spend on care placements during 2018/19 due to careful management of the budget. However, this trend is not expected to continue indefinitely. Winter planning with health has commenced and a difficult winter is anticipated.

The department's long term plans is affected by current prolonged political uncertainties surrounding Brexit which has caused the delay on the promised government Green Paper on the future of Adult Social Care. Better Care Fund (£5m) and Integration BCF (£4.1m) both end this year. The sector suspects that the current arrangements might be rolled over for an additional year after which a decision on the future funding of Adult Social Care will be forthcoming.

It is important to note that included in Adult Social Care income is £300k Independent Living Fund (ILF) grant which ceases next year; thus from 2020-21 this will be an additional pressure as it currently support the cost of previous ILF customers costing the service £800k per annum.

The table below shows significant movement in budget variances in the Access & Assessment division

Access & Assessment	Forecast Variance July'19 £000	Forecast Variance June'19 £000	Outturn Variances March 19 £000
Underspend on Concessionary Fares-(taxi-cards scheme)	(92)	(88)	(42)
Equipment	84	121	95
Other- Incl. (Employee Related & Premises)	(125)	(183)	(104)
Placements & Placements Other	1,982	2,195	1,111
Income (IBCF & ILF)	(1,882)	(1,989)	(1,318)
Total Controllable	(33)	56	(258)

This service is currently undergoing a restructure as part of its transformation programme.

<u>Direct Provision-£106k overspend</u>

The Direct Provision service has forecast an over spend of £106k to July 2019 which is an increase of £75k since June 2019. The service continues to have issues with overspend on salaries especially on internal residential homes due to its use of bank staff to cover high sickness.

Management have worked with Human Resources on sickness cases and the staff concerned have returned to work with another resuming on a phased return. A new set of rotas are being developed to reduce bank staff usage at both residential homes.
The service plans to review forecasts and budget allocation to ensure that each area has sufficient budget to provide a service, particularly the Supported Living Service, which has expanded significantly in the past two years.

There was also a one-off additional expenditure due to increased need at the Riverside residential home which was unavoidable, but has now ended.

C&H-Other Services

Libraries-£50k overspend

The library service is currently forecasting an over spend of £50k which is largely due to a combination of budget pressures such as an over spend on the security services contract , increased utilities costs and a slight decline in income projection The service is continuing to work to increase its income activity.

The security service contract re procured shortly and it is expected that cost will increase which means additional pressure on the Libraries budget.

Merton Adult Learning – Breakeven

Merton Adult Learning is currently forecasting a breakeven position.

Housing - £108k overspend

This service is forecasting an over spend of £108k which is due to a reduction in forecasted income from housing benefit, client contributions and housing benefit subsidy. Income and subsidy costs is affected by the fluctuation in the number of households accessing the service in accordance with the provisions of the Housing Act.

It remains the case that the budget will be subjected to fluctuations to reflect numbers of households being admitted into temporary accommodation, numbers of households leaving temporary accommodation and the income received from households living in temporary accommodation via Housing Benefit and the corresponding budget implications flowing from temporary accommodation subsidy.

Since the introduction of the Homelessness Reduction Act 2017 (HRA), the service is required by statue to deliver homelessness prevention activities (now referred to as 'Prevention & Relief Duties'). Accordingly the prevention of homelessness remains a central plank to the work of the team and contributes to the wider council prevention agenda which is seeking to ensure that households are able to continue to occupy their homes and avoid the trauma that a homelessness episode brings.

The council continues to maintain its position of having the lowest number of households in temporary accommodation than any other London borough.

The service has also secured grant funding from central government to undertake a rough sleeping initiative in Merton. This grant is to be utilised to commission outreach, accommodation for rough sleepers and the creation of a rough sleepers' hub.

Prevention Activities undertaken as part of the New Burdens for Housing

Activities undertaken to prevent homelessness:-

- Rent rescue
- Rent Deposits
- Landlord liaison and negotiation with excluder
- Referrals to landlords, hostels and supported housing providers
- Legal advice on security of tenure, i.e. non-compliant s21 Housing Act 1988 notices
- Advice on prevention from eviction and landlord harassment
- Advice on income maximisation and welfare benefits

The table below shows the number of homelessness prevented to July 2019

Period	Homelessness Prevention Targets 2019-20
Full Year Target	450
Target YTD	150
Achieved – Apr'19	57
Achieved - May'19	86
Achieved – June'19	118
Achieved – July'19	152

Analysis of Housing and Temporary Accommodation Expenditure

The table below shows the analysis of housing expenditure to July 2019

Housing	Budget 2019/20 £000	Forecast (July'19) £'000	Forecast Variances (July'19) £'000	Forecast Variances (June'19) £000	Outturn Variances (March'19) £000
Temporary Accommodation-Expenditure	2,368	2,956	588	587	562
Temporary Accommodation-Client Contribution	(140)	(552)	(412)	(460)	(518)
Temporary Accommodation-Housing Benefit Income	(2,005)	(2,234)	(229)	(431)	(26)
Temporary Accommodation-Subsidy Shortfall	322	987	665	782	455
Temporary Accommodation-Grant	0	(450)	(450)	(450)	(531)
Subtotal Temporary Accommodation	**544**	**707**	**163**	**27**	**(58)**
Housing Other Budgets-Over/(under)spend	1,361	1,306	(55)	45	(15)
Total Controllable	**1,905**	**2,013**	**108**	**72**	**(73)**

The changes in variance between June and July is due to a revised forecast due to actual received to date in both client, housing benefit contributions and subsidy.

Temporary Accommodation (TA) movement to July 2019

The data below shows the total number of households (i.e. families and single occupants) in temporary accommodation as at July 2019.

Temporary Accommodation	Numbers IN	Numbers OUT	Total for the Month	2018/19
March 2017	-	-	186	
March 2018	16	16	165	
March 2019	15	11	174	
April 2019	15	11	178	170
May 2019	15	16	177	175
June 2019	11	18	170	172
July 2019	16	20	166	175

In July 2018 there were 175 compared to current years' 166 clients in temporary accommodation. This service constantly fluctuates according to demand thus affects forecasted expenditure.

Public Health - £27k overspend

This service is currently forecasting an overspend as at July 2019 due to maternity cover to maintain capacity to undertake work on the transformation agenda.

The anticipated budget pressures mentioned in previous months expected in sexual health and substance misuse budgets will be mitigated by the freezing of vacant posts and other budget efficiencies.

Corporate Items

The details comparing actual expenditure up to 31 July 2019 against budget are contained in Appendix 2. Based on expenditure and income as at 31 July 2019 there is an underspend of £0.987m forecast on corporate items as summarised in the following table:-

Corporate Items	Current Budget 2019/20 £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Outturn Variance 2018/19 £000s
Impact of Capital on revenue budget	**10,481**	**10,481**	**0**	**0**	**403**
Investment Income	(664)	(977)	(313)	(313)	(364)
Pension Fund	3,429	3,329	(100)	0	(254)
Pay and Price Inflation	1,327	1,327	0	0	(1,122)
Contingencies and provisions	4,810	4,483	(327)	(100)	(3,366)
Income Items	(1,503)	(1,750)	(246)	(254)	(956)
Appropriations/Transfers	(5,078)	(5,078)	0	0	(6)
Central Items	**2,321**	**1,334**	**(987)**	**(667)**	**(6,068)**
Levies	949	949	0	0	0
Depreciation and Impairment	(22,903)	(22,903)	0	0	4
TOTAL CORPORATE PROVISIONS	**(9,152)**	**(10,139)**	**(987)**	**(667)**	**(5,661)**

The forecast underspend has increased by £0.320m from £0.667m in June to £0.987m in July. The reasons for this are:-

a) It is estimated that the budget of £0.254m included for Pensions auto enrolment will be underspent by £0.100m.

b) Within contingencies and provisions there is a balance of £0.194m arising from overheads charged to non-General Fund services which is not required.

c) Within the budget for Contingencies and Provisions there is a budget of £0.083m provided for potential loss of Housing Benefit Admin. Grant. The final estimated need against this budget in 2019/20 is £0.049m and the balance of £0.034m will not be required.

4 Capital Programme 2019-23

4.1 The Table below shows the movement in the 2019/23 corporate capital programme since the last meeting of Cabinet:

Depts	Current Budget 19/20	Variance	Revised Budget 19/20	Current Budget 20/21	Variance	Revised Budget 20/21	Revised Budget 21/22	Variance	Revised Budget 21/22	Revised Budget 22/23	Variance	Revised Budget 22/23
CS	32,162	(21,992)	10,170	4,210	21,917	26,127	3,870	75	3,945	15,967	0	15,967
C&H	1,196	0	1,196	1,118	0	1,118	913	0	913	882	0	882
CSF	9,661	(138)	9,523	5,418	188	5,606	3,150	0	3,150	1,900	0	1,900
E&R	14,620	53	14,673	7,782	425	8,207	7,504	0	7,504	4,401	0	4,401
TOTAL	**57,639**	**(22,077)**	**35,562**	**18,528**	**22,530**	**41,058**	**15,437**	**75**	**15,512**	**23,149**	**0**	**23,149**

4.2 The table below summarises the position in respect of the 2018/19 Capital Programme as at July 2019. The detail is shown in Appendix 5.

<u>Capital Budget Monitoring July 2019</u>

Department	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Corporate Services	399,655	2,600,960	(2,201,305)	10,170,170	10,170,170	0
Community and Housing	262,334	205,000	57,334	1,196,240	996,240	(200,000)
Children Schools & Families	3,016,442	267,000	2,749,442	9,522,450	9,522,010	(440)
Environment and Regeneration	903,440	2,557,026	(1,653,586)	14,673,220	14,299,350	0
Total	**4,581,870**	**5,629,986**	**(1,048,116)**	**35,562,080**	**34,987,770**	**(200,440)**

a) <u>Corporate Services</u> – All budget managers are projecting a full spend against budget. The following five budgets have been re-profiled within Business Systems:
- <u>Aligned Assets</u> – the whole budget of £75k has been re-profiled to 2021-22
- <u>Revenues and Benefits</u> – the whole budget of £400k has been re-profiled to 2020-21
- <u>ePayments Project</u> – the whole budget of £32k has been re-profiled to 2020-21
- <u>Planning and Public Protection</u> – £200k of the budget has been re-profiled to 2020-21
- <u>Youth Justice IT System</u> – £85k of the budget has been re-profiled to 2020-21

Two further budgets have been re-profiled from 2019-20 to 2020-21
- Customer Contact - £1.200 million has been re-profiled from 2019-20 to 2020-21
- Housing Company – £20 million has been re-profiled from 2019-20 to 2020-21

The spend profile on both these budgets is currently being reviewed in detail and the outcome of these reviews will be incorporated into future monitoring reports.

b) <u>Community and Housing</u> – All budget managers are projecting a full year spend apart from West Barnes Library Re-Fit which is showing a £200k underspend. Officers are currently considering how best to progress this scheme and will profile the budget spend once this is decided as part of September/October monitoring. There are no proposed amendments to departmental budgets this month.

c) Children, Schools and Families – Officers are projecting a full spend on all budgets. There have been a number of adjustments to School Capital Maintenance schemes relating to differences between the estimated and tendered bids. An additional scheme has been added to Rutlish for adaptations to provide an ICT suite for £86k, the school is paying for £60k of the scheme and the rest of the funding is to be met from Capital Maintenance. The capital maintenance schemes at St. Mark's Primary (£54k) and part of the Perseid scheme (£177K) have been postponed, resulting in the St. Marks £10k school contribution being removed from the programme. Finally, part of one SEN Expansion scheme is being re-profiled into 2020-21 (£188k). A detailed review of projections will be undertaken once the spend over the summer holidays has been completed.

d) Environment and Regeneration – Officers are projecting a full spend on all budgets. The following adjustments have been made to budgets this month:

- The total available budget of £1,363k has been vired from Wimbledon Park Lake De-silting to Wimbledon Park Lake – Reservoir Safety to assist the council in meeting its statutory obligations under The Reservoir Act 1975 by the required date of January 2022. It is envisaged that completing the statutory works will affect water level in the lake and de-silting options will be identified and estimated costs developed as part of the separate project. This is a new scheme and will require Council approval.
- £40k has been added to the programme for Chapter House Performance Space funded by Neighbourhood CIL
- £13k has been added to the programme for Merton Green Walks funded by Neighbourhood CIL
- £40k has been added to the programme for Deen City Farm funded by Neighbourhood CIL
- £224k has been added to the programme for Haydons Road Shop Front Improvements funded by Neighbourhood CIL
- £50k has been added to the programme for Bramcote Parade Improvements funded by Neighbourhood CIL
- £95k has been added to the programme for Polka Theatre funded by Neighbourhood CIL
- £4k has been added to the programme to Mitcham Town Centre funded by TfL with £425k of this budget has been re-profiled into 2010-21
- TfL Cycle Quietways has had £32k added to it funded by TfL, this will increase this budget to £636,890
- £28k has been transferred to revenue from the Shop Front Improvement Budget

There is the possibility that additional funding may be required for the Bishopsford Road Bridge; regular updates will be provided as part of the monitoring report. This could be funded from the Corporate Capital Contingency, which totals £4.8 million and is currently held in the financial year 2022-23.

4.4 The table below compares capital expenditure (£000s) to July 2019 to that in previous years':

Depts.	Spend To July 2016	Spend To July 2017	Spend to July 2018	Spend to June 2019	Variance 2016 to 2019	Variance 2017 to 2019	Variance 2018 to 2019
CS	242	417	1,527	400	157	(18)	(1,128)
C&H	65	114	264	262	197	148	(2)
CSF	1,167	682	1,553	3,016	1,849	2,334	1,463
E&R	3,074	2,642	4,023	903	(2,170)	(1,738)	(3,120)
Total Capital	**4,549**	**3,855**	**7,368**	**4,582**	**33**	**727**	**(2,786)**

Outturn £000s	30,626	32,230	31,424	
Budget £000s				35,562
Projected Spend July 2019 £000s				34,988
Percentage Spend to Budget				12.88%
% Spend to Outturn/Projection	14.85%	11.96%	23.45%	13.10%
Monthly Spend to Achieve Projected Outturn £000s				3,801

4.5 July is one third of the way through the financial year and departments have spent just under 13% of the budget. Spend to date is higher than two of the three previous financial years shown.

Department	Spend To June 2019 £000s	Spend To July 2019 £000s	Increase £000s
CS	275	400	125
C&H	146	262	116
CSF	1,550	3,016	1,466
E&R	300	903	603
Total Capital	**2,271**	**4,582**	**2,311**

4.6 During July 2019 officers spent £2.311 million, which highlights that it is highly unlikely that a projected Authority wide spend of just under £35 million will be achieved. Time will be spent with budget managers to re-profile budgets into subsequent financial years.

5. DELIVERY OF SAVINGS FOR 2019/20

Department	Target Savings 2019/20	Projected Savings 2019/20	Period 3 Forecast Shortfall	Period Forecast Shortfall (P3)	Period 2 Forecast Shortfall	2020/21 Expected Shortfall
	£000	£000	£000	%	£000	£000
Corporate Services	1,484	1,391	93	6.3%	45	35
Children Schools and Families	572	572	0	0.0%	0	0
Community and Housing	1,534	1,326	208	13.6%	151	0
Environment and Regeneration	3,340	2,131	1,209	36.2%	1,234	100
Total	**6,930**	**5,420**	**1,510**	**21.8%**	**1,430**	**135**

Appendix 6 details the progress on savings for 2019/20 by department.

<u>Progress on savings 2018/19</u>

Department	Target Savings 2018/19	2018/19 Shortfall	2019/20 Projected shortfall	2020/21 Projected shortfall
	£000	£000	£000	£000
Corporate Services	2,024	505	395	10
Children Schools and Families	489	0	0	0
Community and Housing	2,198	442	0	0
Environment and Regeneration	926	523	135	0
Total	**5,637**	**1,470**	**530**	**10**

Appendix 7 details the progress on unachieved savings from 2018/19 by department and the impact on the current year and next year.

<u>Progress on savings 2017/18</u>

Department	Target Savings 2017/18	2017/18 Shortfall	2018/19 shortfall	2019/20 Projected shortfall
	£000	£000	£000	£000
Corporate Services	2,316	196	0	0
Children Schools and Families	2,191	7	0	0
Community and Housing	2,673	0	0	0
Environment and Regeneration	3,134	2,188	694	305
Total	**10,314**	**2,391**	**694**	**305**

Appendix 8 details the progress on unachieved savings from 2017/18 by department and the impact on the current year and next year.

6. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 All relevant bodies have been consulted.

7. TIMETABLE

7.1 In accordance with current financial reporting timetables.

8. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1 All relevant implications have been addressed in the report.

9. LEGAL AND STATUTORY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

10.1 Not applicable

11. CRIME AND DISORDER IMPLICATIONS

11.1 Not applicable

12. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

12.1 The emphasis placed on the delivery of revenue savings within the financial monitoring report will be enhanced during 2016/17; the risk of part non-delivery of savings is already contained on the key strategic risk register and will be kept under review.

13. APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

Appendix 1-	Detailed position table
Appendix 2 –	Detailed Corporate Items table
Appendix 3 –	Pay and Price Inflation
Appendix 4 –	Treasury Management: Outlook
Appendix 5a -	Current Capital Programme 2019/20
Appendix 5b -	Detail of Virements
Appendix 5c -	Summary of Capital Programme Funding
Appendix 6 –	Progress on savings 2019/20
Appendix 7 –	Progress on savings 2018/19
Appendix 8 -	Progress on savings 2017/18

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

15. REPORT AUTHOR

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Summary Position as at 31st July 2019

	Original Budget 2019/20 £000s	Current Budget 2019/20 £000s	Year to Date Budget (July) £000s	Year to Date Actual (July) £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Outturn variance 2018/19 £000
Department	-	-	-	-	-	-		-
3A.Corporate Services	10,930	11,351	8,622	8,491	10,854	(497)	(698)	(2,511)
3B.Children, Schools and Families	60,819	61,383	15,538	8,519	63,126	1,743	2,235	2,271
3C.Community and Housing	-	-	-	-	-			-
Adult Social Care	58,657	58,656	18,461	21,211	58,804	149	163	(169)
Libraries & Adult Education	2,878	2,878	1,156	1,396	2,928	50	33	45
Housing General Fund	2,219	2,219	444	383	2,327	108	72	(73)
3D.Public Health	0	0	(1,635)	(2,666)	27	27	0	0
3E.Environment & Regeneration	15,832	15,997	1,333	(8,504)	15,604	(393)	(430)	(1,526)
Overheads	0	0	0	0	0	0	0	(33)
NET SERVICE EXPENDITURE	**151,335**	**152,483**	**43,918**	**28,829**	**153,670**	**1,187**	**1,376**	**(1,996)**
3E.Corporate Items	-	-	-	-	-	-		-
Impact of Capital on revenue budget	10,481	10,481	2,105	2,134	10,481	0	0	403
Other Central items	(19,500)	(20,582)	(5,187)	(1,420)	(21,569)	(987)	(667)	(6,064)
Levies	949	949	358	358	949	0	0	0
TOTAL CORPORATE PROVISIONS	**(8,070)**	**(9,152)**	**(2,724)**	**1,072**	**(10,139)**	**(987)**	**(667)**	**(5,661)**
TOTAL GENERAL FUND	**143,264**	**143,331**	**41,194**	**29,901**	**143,531**	**200**	**709**	**(7,657)**
-	-	-	-	-	-	-		-
Funding								
- Business Rates	(44,026)	(44,026)	0	0	(44,026)	0	0	0
- RSG	0	0	0	0	0	0	0	0
- Section 31 Grant	0	0	(1,365)	(1,365)	0	0	0	0
- New Homes Bonus	(2,108)	(2,108)	(1,054)	(1,054)	(2,108)	0	0	0
- PFI Grant	(4,797)	(4,797)	(1,199)	(1,199)	(4,797)	0	0	0
- Brexit Grant	(210)	(210)	(105)	(105)	(210)	0	0	0
- Adult Social Care Grant	(1,054)	(1,054)	(2,047)	(2,047)	(1,054)	0	0	0
Grants	**(52,195)**	**(52,195)**	**(5,770)**	**(5,770)**	**(52,195)**	**0**	**0**	**-**
Collection Fund - Council Tax Surplus(-)/Deficit	(1,949)	(1,949)	0	0	(1,949)	0	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	3,250	3,250	0	0	3,250	0	0	0
Council Tax								
- General	(92,028)	(92,028)	0	0	(92,028)	0	0	0
- WPCC	(343)	(343)	0	0	(343)	0	0	0
Council Tax and Collection Fund	**(91,070)**	**(91,070)**	**0**	**0**	**(91,070)**	**0**	**0**	**-**
FUNDING	**(143,265)**	**(143,265)**	**(5,770)**	**(5,770)**	**(143,265)**	**0**	**0**	**-**
NET	**(0)**	**66**	**35,425**	**24,131**	**266**	**200**	**709**	**(7,657)**

3E.Corporate Items	Council 2019/20 £000s	Original Budget 2019/20 £000s	Current Budget 2019/20 £000s	Year to Date Budget (July) £000s	Year to Date Actual (July) £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Outturn Variance 2018/19 £000s
Cost of Borrowing	10,481	10,481	10,481	2,105	2,134	10,481	0	0	403
Impact of Capital on revenue budget	**10,481**	**10,481**	**10,481**	**2,105**	**2,134**	**10,481**	**0**	**0**	**403**
Investment Income	**(664)**	**(664)**	**(664)**	**(221)**	**(201)**	**(977)**	**(313)**	**(313)**	**(364)**
Pension Fund	**3,429**	**3,429**	**3,429**	**0**	**0**	**3,329**	**(100)**	**0**	**(254)**
Corporate Provision for Pay Award	877	877	877		0	877	0	0	(744)
Provision for excess inflation	450	450	450		0	450	0	0	(378)
Pay and Price Inflation	**1,327**	**1,327**	**1,327**	**0**	**0**	**1,327**	**0**	**0**	**(1,122)**
Contingency	1,500	1,500	1,500		0	1,500	0	0	(1,398)
Single Status/Equal Pay	100	100	100		0	100	0	0	(84)
Bad Debt Provision	500	500	500		0	500	0	0	(33)
Loss of income from P3/P4	200	200	200		0	100	(100)	(100)	(200)
Loss of HB Admin grant	83	83	34		0	0	(34)	0	(83)
Apprenticeship Levy	450	450	450	113	111	450	0	0	(217)
Revenuisation and miscellaneous	2,070	2,070	2,026		55	1,833	(193)	0	(1,351)
Contingencies/provisions	**4,904**	**4,904**	**4,810**	**113**	**166**	**4,483**	**(327)**	**(100)**	**(3,366)**
Other income	0	0	0	0	(246)	(246)	(246)	(254)	(953)
CHAS IP/Dividend	(1,407)	(1,407)	(1,503)		(167)	(1,503)	0	0	(3)
Income items	**(1,407)**	**(1,407)**	**(1,503)**	**0**	**(413)**	**(1,750)**	**(246)**	**(254)**	**(956)**
Appropriations: CS Reserves	(711)	(711)	(940)	(940)	(229)	(940)	0	0	0
Appropriations: E&R Reserves	(146)	(146)	(246)	(246)	0	(246)	0	0	0
Appropriations: CSF Reserves	9	9	(554)	(554)	(743)	(554)	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(104)	(104)	0	(104)	0	0	0
Appropriations:Public Health Reserves	(1,200)	(1,200)	(1,200)	(1,200)	0	(1,200)			0
Appropriations:Corporate Reserves	(2,034)	(2,034)	(2,034)	(2,034)	0	(2,034)	0	0	(6)
Appropriations/Transfers	**(4,186)**	**(4,186)**	**(5,078)**	**(5,078)**	**(972)**	**(5,078)**	**0**	**0**	**(6)**
Depreciation/Impairment	**(22,903)**	**(22,903)**	**(22,903)**	**0**	**0**	**(22,903)**	**0**	**0**	**4**
Central Items	**(9,019)**	**(9,019)**	**(10,101)**	**(3,082)**	**713**	**(11,088)**	**(987)**	**(667)**	**(5,661)**
Levies	**949**	**949**	**949**	**358**	**358**	**949**	**0**	**0**	**0**
TOTAL CORPORATE PROVISIONS	**(8,070)**	**(8,070)**	**(9,152)**	**(2,724)**	**1,072**	**(10,139)**	**(987)**	**(667)**	**(5,661)**

Pay and Price Inflation as at July 2019

In 2019/20, the budget includes 2.8% for increases in pay and 1.5% for increases in general prices, with an additional amount, currently £0.450m, which is held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. With CPI inflation currently at 2.1% and RPI at 2.8% this budget will only be released when it is certain that it will not be required.

Pay:

The local government pay award for 2019/20 was agreed in April 2018 covering 2018/19 and 2019/20. For the lowest paid (those on spinal points 6-19) this agreed a pay rise of between 2.9% and 9.2%. Those on spinal points 20-52 received 2%.

Prices:

The Consumer Prices Index (CPI) 12-month rate was 2.1% in July 2019, increasing from 2.0% in June 2019. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 2.0% in July 2019, increasing from 1.9% in June 2019. There were large upward contributions from games, toys and hobbies, from accommodation services, from clothing and footwear, and from other financial services where prices for both rose by more between June and July 2019, compared with price rises between the same two months a year ago. The increase was partially offset by downward contributions from transport services and, to a lesser extent, from domestic fuels principally electricity and gas. The RPI rate for July 2019 was 2.8%, which is down from the figure of 2.9% in June 2019.

Outlook for inflation:

The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment. At its meeting ending on 31 July 2019, the MPC voted unanimously to maintain Bank Rate at 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

In the minutes to its July meeting, the MPC note that "Brexit-related developments, such as stockbuilding ahead of previous deadlines, are making UK data volatile. After growing by 0.5% in 2019 Q1, GDP is expected to have been flat in Q2, slightly weaker than anticipated in May. Looking through recent volatility, underlying growth appears to have slowed since 2018 to a rate below potential, reflecting both the impact of intensifying Brexit-related uncertainties on business investment and weaker global growth on net trade. Evidence from companies, up to the middle of July, suggests that uncertainty over the United Kingdom's future trading relationship with the European Union has become more entrenched. The labour market remains tight. Annual pay growth has been relatively strong. Consumer spending has remained resilient. CPI inflation was 2.0% in June and core CPI inflation was 1.8%."

The next meeting of the MPC will be on 19 September2019.

The latest Inflation Report was published on the 1 August 2019.

In the August 2019 Inflation Report, the MPC noted that "CPI inflation was at the 2.0% target in June and is projected to fall below the target over the next six months as energy prices decline. From next year inflation is expected to pick up as the impact of lower energy prices fades, sterling's recent depreciation pushes up import prices, and domestic inflationary pressures rise."

In terms of the prospects for inflation, the MPC are heavily caveated to take account of Brexit. The MPC sum up their view as follows:-

“Underlying UK GDP growth has softened to below-potential rates, reflecting weaker global growth as well as the impact of Brexit-related uncertainties. Growth is expected to remain subdued in coming quarters, as those uncertainties have intensified over the past few months and are assumed to remain elevated in the near term. CPI inflation is projected to fall temporarily below the MPC’s 2% target over the second half of 2019 as energy prices decline. Conditioned on a smooth withdrawal of the UK from the EU, Brexit-related uncertainties are assumed to subside over the forecast period. Together with a boost from looser monetary conditions, the decline in uncertainties leads to a recovery in demand growth to robust rates. As a result, excess demand and domestic inflationary pressures build. CPI inflation picks up to materially above the MPC’s 2% target by the end of the forecast period. The MPC’s projections are affected by an inconsistency between the asset prices on which they are conditioned — which reflect a higher perceived probability of a no-deal Brexit among financial market participants — and the smooth Brexit assumption underlying the central forecasts. In the event of a Brexit deal, sterling would be likely to appreciate and market interest rates and UK-focused equity prices to rise.”

The latest inflation and unemployment forecasts for the UK economy, based on a summary of independent forecasts are set out in the following table:-

Table 11: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (August 2019)			
2019 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.5	2.5	1.8
RPI	2.2	3.4	2.6
LFS Unemployment Rate	3.7	4.5	4.0
2020 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.7	3.3	2.1
RPI	2.2	4.2	2.9
LFS Unemployment Rate	3.6	4.7	4.1

Clearly where the level of inflation during the year exceeds the amount provided for in the budget, this will put pressure on services to stay within budget and will require effective monitoring and control.

Independent medium-term projections for the calendar years 2019 to 2023 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (August 2019)					
	2019	2020	2021	2022	2023
	%	%	%	%	%
CPI	1.9	2.0	2.0	2.1	2.1
RPI	2.7	2.8	3.0	3.2	3.2
LFS Unemployment Rate	3.9	4.1	4.3	4.3	4.3

Treasury Management: Outlook

At its meeting ending on 31 July 2019, the MPC voted unanimously to maintain Bank Rate at 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

In the minutes to its July meeting the MPC state that "Since May, global trade tensions have intensified and global activity has remained soft. This has led to a substantial decline in advanced economies' forward interest rates and a material loosening in financial conditions, including in the United Kingdom. An increase in the perceived likelihood of a no-deal Brexit has further lowered UK interest rates and led to a marked depreciation of the sterling exchange rate. Brexit-related developments, such as stockbuilding ahead of previous deadlines, are making UK data volatile."

The outlook for interest rates looking forward will be heavily dependent on the Brexit outcome. The MPC note that "After falling in the near term, CPI inflation is projected to rise above the 2% target, as building excess demand leads to firmer domestic inflationary pressures. Conditioned on prevailing asset prices, CPI inflation reaches 2.4% by the end of the three-year forecast period. These projections are affected by an inconsistency between the smooth Brexit conditioning assumption underpinning the forecast and the prevailing market asset prices on which the forecasts are also conditioned. These asset prices reflect market participants' perceptions of the likelihood and consequences of a no-deal Brexit. If, as assumed, Brexit proceeds smoothly to some form of deal, market interest rates would likely rise and the sterling exchange rate would likely appreciate. A more consistent forecast would therefore have somewhat lower paths for GDP growth and CPI inflation. Increased uncertainty about the nature of EU withdrawal means that the economy could follow a wide range of paths over coming years. The appropriate path of monetary policy will depend on the balance of the effects of Brexit on demand, supply and the exchange rate. The monetary policy response to Brexit, whatever form it takes, will not be automatic and could be in either direction. In all circumstances, the Committee will set monetary policy appropriately to achieve the 2% inflation target."

The Bank of England published its August 2019 Inflation Report on 1 August 2019.

The August Inflation report states that "As in previous Reports, and consistent with the general approach to condition forecasts on Government policy, the MPC's projections assume a smooth transition to the average of a range of possible outcomes for the United Kingdom's eventual trading relationship with the European Union. Consistent with that conditioning assumption, Brexit uncertainties are assumed to wane over the second half of the forecast period. All else equal, this boosts GDP growth and inflation. The projections are also conditioned on a range of UK asset prices. Over the past few months, monetary conditions have loosened. The market yield curve currently implies that Bank Rate is expected to fall in the near term, and ends the forecast period at 0.6% (to Quarter 3, 2022), around 40 basis points lower than in the May 2019 Report. The sterling exchange rate is 4% lower than in May. The lower path for market interest rates partly reflects the influence of global factors; interest rate expectations have fallen in the US and euro area as well as the UK. UK asset price developments have also been driven by the growing weight that market participants have placed on the possibility of a no-deal Brexit. In contrast to the MPC's forecast, which assumes a smooth Brexit, asset prices encompass the full range of potential Brexit outcomes, and the rising perceived likelihood of no deal has contributed to the lower market path for interest rates and the depreciation of the exchange rate, as well as weighing on some risky asset prices. Taken together, financial and monetary conditions have become more supportive of GDP growth and CPI inflation."

The MPC's forecasts of Bank Base Rate in recent Quarterly Inflation Reports are summarised in the following table:-

	End Q.3 2019	End Q.4 2019	End Q.1 2020	End Q.2 2020	End Q,3 2020	End Q.4 2020	End Q.1 2021	End Q.2 2021	End Q.3 2021	End Q.4 2021	End Q.1 2022	End Q.2 2022	End Q.3 2022
Aug. '19	0.7	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6
May '19	0.7	0.7	0.8	0.8	0.8	0.9	0.9	0.9	0.9	1.0	1.0	1.0	
Feb.'19	0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1		
Nov.'18	0.9	1.0	1.1	1.1	1.2	1.2	1.3	1.3	1.4	1.4			
Aug.'18	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1				
May '18	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.2					
Feb.'18	0.9	1.0	1.0	1.1	1.1	1.1	1.2						
Nov.'17	0.8	0.9	0.9	0.9	1.0	1.0							
Aug.'17	0.6	0.7	0.7	0.7	0.8								
May '17	0.4	0.5	0.5	0.5									
Feb'17	0.6	0.6	0.7										
Nov.'16	0.4	0.4											
Aug.'16	0.2												

Source: Bank of England Inflation Reports

In order to maintain price stability, the Government has set the Bank's Monetary Policy Committee (MPC) a target for the annual inflation rate of the Consumer Prices Index of 2%. Subject to that, the MPC is also required to support the Government's economic policy, including its objectives for growth and employment.

The MPC's projections are underpinned by three key judgements :-

1. while global activity has weakened and sentiment has deteriorated, looser financial conditions support the return of world growth to its potential rate in the medium term
2. on the conditioning assumption that there is a smooth Brexit, UK demand growth recovers after softening in the near term
3. as GDP growth recovers to above the subdued rate of potential supply growth, excess demand and domestic inflationary pressures build

Capital Budget Monitoring - July 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Merton Capital	4,581,870	5,629,986	(1,048,116)	35,562,080	34,987,770	(200,440)
Capital	4,581,870	5,629,986	(1,048,116)	35,562,080	34,987,770	(200,440)
Corporate Services	399,655	2,600,960	(2,201,305)	10,170,170	10,170,170	0
Customer, Policy and Improvmen	0	0	0	622,660	622,660	0
Customer Contact Programme	0	0	0	622,660	622,660	0
Facilities Management Total	252,233	216,460	35,773	1,981,900	1,981,900	0
Works to other buildings	124,819	65,000	59,819	941,320	780,490	(160,830)
Civic Centre	127,414	136,460	(9,046)	774,140	934,970	160,830
Invest to Save schemes	0	15,000	(15,000)	266,440	266,440	0
Infrastructure & Transactions	142,925	384,500	(241,575)	3,616,180	3,616,180	0
Business Systems	2,153	30,000	(27,847)	636,860	636,860	0
Social Care IT System	65,960	0	65,960	425,240	425,240	0
Planned Replacement Programme	74,811	354,500	(279,689)	2,554,080	2,554,080	0
Resources	4,498	0	4,498	24,970	24,970	0
Financial System	4,498	0	4,498	24,970	24,970	0
Corporate Items	0	2,000,000	(2,000,000)	3,924,460	3,924,460	0
Westminster Coroners Court	0	0	0	460,000	460,000	0
Housing Company	0	2,000,000	(2,000,000)	3,464,460	3,464,460	0
Community and Housing	262,334	205,000	57,334	1,196,240	996,240	(200,000)
Adult Social Care	0	0	0	43,750	43,750	0
Telehealth	0	0	0	43,750	43,750	0
Housing	224,532	170,000	54,532	827,160	827,160	0
Disabled Facilities Grant	224,532	170,000	54,532	827,160	827,160	0
Major Projects - Social Care H	0	0	0	0	0	0
Libraries	37,802	35,000	2,802	325,330	125,330	(200,000)
Library Enhancement Works	593	35,000	(34,407)	248,700	48,700	(200,000)
Major Library Projects	0	0	0	0	0	0
Libraries IT	37,209	0	37,209	76,630	76,630	0

Capital Budget Monitoring - July 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Children Schools & Families	3,016,442	267,000	2,749,442	9,522,450	9,522,010	(440)
Primary Schools	72,497	0	72,497	1,785,290	1,785,290	0
Hollymount	0	0	0	16,240	16,240	0
West Wimbledon	0	0	0	70,370	70,370	0
Hatfeild	0	0	0	87,150	87,150	0
Hillcross	0	0	0	232,740	232,740	0
Joseph Hood	0	0	0	41,800	41,800	0
Dundonald	(3,963)	0	(3,963)	31,150	31,150	0
Garfield	0	0	0	92,780	92,780	0
Merton Abbey	0	0	0	23,790	23,790	0
Pelham	0	0	0	85,890	85,890	0
Poplar	(4,824)	0	(4,824)	27,070	27,070	0
Wimbledon Chase	0	0	0	133,780	133,780	0
Wimbledon Park	0	0	0	1,800	1,800	0
Abbotsbury	11,372	0	11,372	71,540	71,540	0
Morden	(2,219)	0	(2,219)	3,970	3,970	0
Bond	15,530	0	15,530	120,600	120,600	0
Cranmer	0	0	0	97,430	97,430	0
Gorringe Park	0	0	0	10,000	10,000	0
Haslemere	0	0	0	85,840	85,840	0
Liberty	34,003	0	34,003	77,300	77,300	0
Links	20,728	0	20,728	74,480	74,480	0
Singlegate	0	0	0	11,000	11,000	0
St Marks	278	0	278	0	0	0
Lonesome	0	0	0	21,300	21,300	0
Sherwood	0	0	0	54,130	54,130	0
William Morris	3,359	0	3,359	101,600	101,600	0
Unlocated Primary School Proj	0	0	0	211,540	211,540	0
Secondary School	881,548	0	881,548	1,816,180	1,816,180	0
Harris Academy Morden	0	0	0	38,560	38,560	0
Harris Academy Merton	1,550	0	1,550	4,570	4,570	0
Raynes Park	0	0	0	67,680	67,680	0
Ricards Lodge	0	0	0	21,690	21,690	0
Rutlish	3,930	0	3,930	232,970	232,970	0
Harris Academy Wimbledon	876,068	0	876,068	1,450,710	1,450,710	0

Please note negative actual spend figures relate to retention and accrued invoices that are still to be paid

Capital Budget Monitoring - July 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
SEN	1,947,770	151,000	1,796,770	5,459,120	5,459,120	0
Perseid	(32,608)	0	(32,608)	91,210	91,210	0
Cricket Green	1,936,255	151,000	1,785,255	4,138,910	4,138,910	0
Melrose	7,000	0	7,000	107,000	107,000	0
Secondary School Autism Unit	0	0	0	72,000	72,000	0
Unlocated SEN	37,124	0	37,124	920,000	920,000	0
Melbury College - Smart Centre	0	0	0	130,000	130,000	0
CSF Schemes	114,627	116,000	(1,373)	461,860	461,420	(440)
CSF IT Schemes	(1,353)	0	(1,353)	440	0	(440)
School Equipment Loans	0	0	0	108,900	108,900	0
Devolved Formula Capital	115,980	116,000	(20)	352,520	352,520	0

Capital Budget Monitoring - July 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Environment and Regeneration	903,440	2,557,026	(1,653,586)	14,673,220	14,299,350	0
Public Protection and Developm	26,549	25,000	1,549	66,800	66,800	0
CCTV Investment	0	5,000	(5,000)	10,340	10,340	0
Public Protection and Developm	26,549	20,000	6,549	56,460	56,460	0
Street Scene & Waste	40,931	43,660	(2,729)	1,146,340	1,146,340	0
Fleet Vehicles	37,685	37,660	25	337,660	337,660	0
Alley Gating Scheme	3,246	6,000	(2,754)	30,000	30,000	0
Waste SLWP	0	0	0	778,680	778,680	0
Sustainable Communities	835,960	2,488,366	(1,652,406)	13,460,080	13,086,210	0
Street Trees			0	60,000	60,000	0
Raynes Park Area Roads			0	26,110	26,110	0
Highways & Footways	485,062	1,037,600	(552,538)	4,880,030	4,880,030	0
Cycle Route Improvements	59,296	253,400	(194,104)	1,002,380	1,002,380	0
Mitcham Transport Improvements	125,478	100,100	25,378	943,590	943,590	0
Mitcham Area Regeneration	13,391	260,208	(246,817)	1,369,290	1,369,290	0
Wimbledon Area Regeneration	43,798	60,000	(16,202)	417,500	417,500	0
Morden Area Regeneration		0	0	500,000	500,000	0
Borough Regeneration	64,047	0	64,047	688,150	327,280	0
Morden Leisure Centre	(176,083)	450,000	(626,083)	596,820	596,820	0
Sports Facilities	169,562	175,000	(5,438)	1,888,160	1,888,160	0
Parks	51,409	152,058	(100,649)	1,088,050	1,075,050	0

Please note negative actual spend figures relate to retention and accrued invoices that are still to be paid

Virement, Re-profiling and New Funding - July 2019

Appendix 5b

		2019/20 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2019/20 Budget	2020/21 Budget	Movement	Revised 2020/21 Budget	Narrative
		£	£		£	£	£		£	
Corporate Service										
Business Systems - Aligned Assets		75,000			(75,000)	0	0		0	Re-profile from 2019/20 to 2021-22
Business Systems - Revenue and Benefits	(1)	400,000			(400,000)	0	0	400,000	400,000	Re-profile from 2019/20 to 2020-21
Business Systems - ePayments Project		32,050			(32,050)	0	125,000	32,050	157,050	Re-profile from 2019/20 to 2020-21
Business Systems - Planning and Public Protection	(1)	349,950			(199,950)	150,000	0	199,950	199,950	Re-profile from 2019/20 to 2020-21
Business Systems - Youth Justice IT Systen		100,000			(85,000)	15,000	0	85,000	85,000	Re-profile from 2019/20 to 2020-21
Housing Company		23,464,460	0		(20,000,000)	3,464,460	1,809,980	20,000,000	21,809,980	Reprofiling of Housing Company Projected Spend
Customer Contact	(1)	1,822,660			(1,200,000)	622,660	0	1,200,000	1,200,000	Reprofiling in accordance with projected spend
Children, Schools and Families										
Garfield		75,780	17,000			92,780			0	Virement to cover projected higher cost of scheme
Capital Maintenance Unallocated Contingency		143,160	68,380			211,540	1,900,000	0	1,900,000	Remaining balance for emegency capital works
St Marks		54,130	(44,130)	(10,000)		0			0	Scheme postponed school contrib. removed
Bond		86,600	4,000			90,600			0	Virement to cover projected higher cost of scheme
Pelham		37,890	48,000			85,890			0	Virement to cover projected higher cost of scheme
Wimbledon Chase		75,780	58,000			133,780			0	Virement to cover projected higher cost of scheme
Rutlish		147,220	25,750	60,000		232,970			0	Virement to cover cost of £86k ICT Suite £60k funded
Perseid Capital Maintenance	(1)	217,000	(177,000)			40,000			0	Virements to cover projected higher cost of scheme
Further Unallocated SEN Budget	(1)	288,020			(188,020)	100,000	0	188,020	188,020	
Environment and Regeneration										
Borough Regeneration - Performance Space Chapter House		0		46,430		46,430			0	Neighbourhood CIL Funded Scheme
Parks Investment - Merton Park Green Walks		25,000		13,000		38,000			0	Additional £13k from Neighbourhood CIL
Borough Regeneration - Deen City Farm		0		40,440		40,440			0	Neighbourhood CIL Funded Scheme
Borough Regeneration - Haydons Road Shop Front Im	(1)	0		224,000		224,000			0	Neighbourhood CIL Funded Scheme
Borough Regeneration - Bramcote Parade		0		50,000		50,000			0	Neighbourhood CIL Funded Scheme
Sports (Leisure) Facilities - Polka Theatre		150,000		95,000		245,000			0	Additional £95k from Neighbourhood CIL
Borough Regeneration - Shop Front Improvement		158,570		(27,500)		131,070			0	Budget moved to Revenue
Mitcham Transport Imps. - Mitcham Town Centre	(1)	447,220		(420,620)		26,600	0	425,000	425,000	£425k re-profiled to 19-20, £5.6k LIP Funding Relinquished
Sports Facilities - Wimbledon Park Lake De-Silting	(1)(2	1,393,160	(1,393,160)			0			0	Money being vired to cover priority scheme on the lake
Sports Facilities - Wimbledon Park Lake Reservoir Safety	(1)	0	1,393,160			1,393,160			0	Money required to cover statutory obligations
TfL Cycle Quietways		604,890		32,000		636,890			0	Additional TfL Funding
Total		30,148,540	0	102,750	(22,180,020)	8,071,270	3,834,980	22,530,020	26,365,000	

1) Requires Cabinet Approval 2) Requires Council Approval

Virement, Re-profiling and New Funding - July 2019

Appendix 5b

		2021/22 Budget	Reprofiling	Revised 2021/22 Budget	2022/23 Budget	Reprofiling	Revised 2022/23 Budget	Narrative
		£	£	£	£	£	£	
Corporate Services								
Aligned Assets		0	75,000	75,000	0		0	Re-profile from 2019/20 to 2021-22
Total		0	75,000	75,000	0	0	0	

Capital Programme Funding Summary 2019/20

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Programme July 2019 Cabinet	**47,523**	**10,116**	**57,639**
Corporate Services			
Business Systems - Aligned Assets	**(75)**	**0**	**(75)**
Business Systems - Revenue and Benefits	**(400)**	**0**	**(400)**
Business Systems - ePayments Project	**(32)**	**0**	**(32)**
Business Systems - Planning and Public Protection	**(200)**	**0**	**(200)**
Business Systems - Youth Justice IT Systen	**(85)**	**0**	**(85)**
Housing Company	**(20,000)**	**0**	**(20,000)**
Customer Contact	**(1,200)**	**0**	**(1,200)**
Children, Schools and Families			
St Marks - School Contribution	**0**	**(10)**	**(10)**
Rutlish	**0**	**60**	**60**
Further Unallocated SEN Budget	**(188)**	**0**	**(188)**
Environment and Regeneration			
Borough Regeneration - Performance Space Chapter House	**46**	**0**	**46**
Parks Investment - Merton Park Green Walks	**13**	**0**	**13**
Borough Regeneration - Deen City Farm	**40**	**0**	**40**
Borough Regeneration - Haydons Road Shop Front Improvement	**224**	**0**	**224**
Borough Regeneration - Bramcote Parade Improvements	**50**	**0**	**50**
Sports (Leisure) Facilities - Polka Theatre	**95**	**0**	**95**
Borough Regeneration - Shop Front Improvement	**(28)**	**0**	**(28)**
Mitcham Transport Improvement - Mitcham Town Centre	**(425)**	**4**	**(421)**
TfL Cycle Quietways	**0**	**32**	**32**
Proposed Capital Programme - July Monitoring	**25,360**	**10,202**	**35,562**

Capital Programme Funding Summary 2020/21

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Progrogramme	**14,357**	**4,171**	**18,528**
Corporate Services			
Business Systems - Revenue and Benefits	**400**	**0**	**400**
Business Systems - ePayments Project	**32**	**0**	**32**
Business Systems - Planning and Public Protection	**200**	**0**	**200**
Business Systems - Youth Justice IT Systen	**85**	**0**	**85**
Housing Company	**20,000**	**0**	**20,000**
Customer Contact	**1,200**	**0**	**1,200**
Children, Schools and Families			
Further Unallocated SEN Budget	**188**	**0**	**188**
Environment and Regeneration			
Mitcham Transport Improvement - Mitcham Town Centre	**425**	**0**	**425**
Proposed July Monitoring	**36,887**	**4,171**	**41,058**

Capital Programme Funding Summary 2021/22

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 6-3-19	**12,545**	**2,892**	**15,437**
Corporate Services			
Business Systems - Aligned Assets	75	**0**	75
Proposed Capital Programme	**12,620**	**2,892**	**15,512**

APPENDIX 6

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Shortfall	19/20 RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/ underspend? Y/N
	Customers, Policy & Improvement										
CS2016 -05	Increase income through translations	15	15	0	G	15	0	G	Sean Cunniffe		
CS2016 -07	Cash Collection Reduction	30	30	0	G	30	0	G	Sean Cunniffe		
2018-19 CS09	Reduction/rationalisation in running costs budgets across multiple budgets	35	35	0	G	35	0	G	Sean Cunniffe		
CS2016 -06	Merton Link - efficiency savings								Sean Cunniffe	Saving has been re-profiled to 20/21 as the efficiencies expected from the customer contact programme have not yet been realised. To offset this, a £30k saving on the Registrars service (2019-20 CS05) planned for 20/21 has been brought forward to 2019/20 (see below).	
2019-20 CS05	Registrars Reduction in staff	30	15	15	A	30	0	G	Sean Cunniffe	Saving brought forward from 20/21 to 19/20 to offset CS2016-06 reprofiled from 19/20 to 20/21. Staff reduction expected mid-year, with the shortfall being met from elsewhere in the division.	Y
	Infrastructure & Technology										
CS2016-08	Potential income derived from letting two floors of vacant office space within the Civic Centre to external/partner organisations.	190	190	0	G	190	0	G	Edwin O'Donnell		
2018-19 CS01	Revenue saving associated with current MFD contract	150	150	0	G	150	0	G	Richard Warren		
2018-19 CS02	Reduction in the level of building repairs and maintenance undertaken on the corporate buildings	100	100	0	G	100	0	G	Edwin O'Donnell		
2018-19 CS04	Delete or full cost recovery of one post within FM	36	18	18	A	31	5	A	Edwin O'Donnell	Energy team restructure mid-year is in the process of being implemented. Only a part-year impact in 19/20.	Y
2018-19 CS14	M3 support to Richmond/Wandsworth	20	0	20	A	20	0	A	Clive Cooke	This is dependent on agreement with RSSP, may be at risk if they don't migrate to M3 system.	Y
	Corporate Governance										
CSREP 2019-20 (1)	Increase in income from Legal Services relating to S106, property and court fees	50	40	10	A	50	0	G	Fiona Thomsen	Dependent on external demand, full saving may not be achieved in year.	Y
CSREP 2019-20 (6)	Legal services - reduce employment and HR support by 50%	30	30	0	G	30	0	G	Fiona Thomsen		
	Resources										
CS2016-02	Restructure of HB section to roll out universal credit	66	66	0	G	66	0	G	David Keppler		
2018-19 CS05	Reduction in permanent staffing	30	0	30	R	0	30	R	Roger Kershaw	Saving will require replacement. For 19/20 the saving will be met by underspends elsewhere within the division.	Y
2018-19 CS10	Reduction in staffing	60	60	0	G	60	0	G	David Keppler		
2018-19 CS08	Increase in income from Enforcement Service	100	100	0	G	100	0	G	David Keppler		
2019-20 CS01	Amend discretionary rate relief policy	75	75	0	G	75	0	G	David Keppler		
CSREP 2019-20 (2)	Reduction in internal insurance fund contribution	250	250	0	G	250	0	G	Nemashe Sivayogan		
CSREP 2019-20 (3)	Increase in income from Enforcement service	50	50	0	G	50	0	G	David Keppler		
	Corporate										
2019-20 CS12	Increase in Empty Homes Premium for long term empty properties	97	97	0	G	97	0	G	David Keppler		
CSREP 2019-20 (4)	Increase in investment income	30	30	0	G	30	0	G	Nemashe Sivayogan		
CSREP 2019-20 (5)	CHAS dividend	40	40	0	G	40	0	G	Ian McKinnon		

APPENDIX 6

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Shortfall	19/20 RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/ underspend? Y/N
	Total Corporate Services Department Savings for 2019/20	**1,484**	**1,391**	**93**		**1,449**	**35**				

APPENDIX 6

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2019-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Shortfall	2019/20 RAG		2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	2020/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	SUSTAINABLE COMMUNITIES											
E4	Income from Merantun Development Limited for services provided to the company by LBM	100	95	5	A		100	0	A	James McGinlay		Y
ENV1819-05	Highways advertising income through re-procurement of the advertising contract for the public highway. New contract due to be in place by last quarter of 2019/20.	55	32	23	R		55	0	A	James McGinlay	New contract expected to commence in the final quarter of 2019/20, and we should have a better idea of outcomes when the tenders are reviewed (Aug/Sept).	Y
	PUBLIC PROTECTION											
ENR1	Further expansion of the shared service.	100	100	0	A		100	0	A	Cathryn James		Y
E1	Investigate potential commercial opportunities to generate income from provision of business advice. This follows on from the expansion of the RSP to include Wandsworth from November 2017, and increased resilience.	60	0	60	R		60	0	A	Cathryn James	This saving is conditional on income being generated from chargeable business advice/consultancy. A new income generating Business Development team has been established as part of the Regulatory Services Partnership restructure, which will now look to deliver these savings. However, it is unlikely to be delivered this financial year.	Y
ENR4	Charge local business' for monitoring of their CCTV	100	0	100	R		0	100	R	Cathryn James	Alternative Saving Required.	Y
ENV1819-03	The objective of the proposal is to support the delivery of key strategic council priorities including public health, air quality and sustainable transportation, in addition to managing parking, kerbside demand and congestion. Whilst implementation of the proposals will have the incidental effect of generating additional revenue, it is difficult to assess the level of change in customer behaviour and any subsequent financial impact arising from the changes. This will be monitored after implementation and any resulting impacts will be considered during the future years' budget planning cycles. The above will be subject to the outcome of the consultation process in 2019.	1,900	950	950	R		1900	0	A	Cathryn James	The implementation date for the revised charges is still subject to committee approval. The original savings target was based on an October go live date. It is felt that a more prudent approach to the likely implementation date should be reflected in the savings targets.	Y
ALT2	Reduction of 2fte from the Parking establishment in administrative/processing roles as a result of the impending new permit system	57	57	0	G		57	0	G	Cathryn James		N
ALT3	Reduction in the number of pay & display machines required.	14	3	11	R		14	0	G	Cathryn James		N
	PUBLIC SPACE											
ENR9	Increase level of Enforcement activities of internal team ensuring the operational service is cost neutral	200	200	0	A		200	0	A	John Bosley		Y
E2	Thermal Treatment of wood waste from HRRC	0	30	-30	R		0	0	R	John Bosley	Alternative saving required	Y
EV08	Increased recycling rate by 3% following education and communications activity funded by WCSS. This will be driven by the incentivisation and education programmedue to commence in March 2014.	250	250	0	G		250	0	G	John Bosley		N
ALT4	Environmental Enforcement - Maintain a payment rate of 70% for all FPN issued.	54	54	0	G		54	0	G	John Bosley		N
E5	Letting of remaining vacant facilities in Greenspaces	50	0	50	R		50	0	A	John Bosley		Y
E6	Increased tenancy income in Greenspaces	40	0	40	R		40	0	A	John Bosley		Y
ENR10	Two year extension of the GLL contract	300	300	0	G		300	0	G	John Bosley		N
ENV1819-01	Five year extension of the GLL contract	60	60	0	G		60	0	G	John Bosley		N
	Total Environment and Regeneration Savings 2018/19	**3,340**	**2,131**	**1,209**			**3,240**	**100**				

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DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2019/20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Expected Savings £000	Shortfall £000	RAG		2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Adult Social Care											
CH35/36/52	**Housing Related Support:-**The purpose of the project is to review existing service provision linked to original SP funding, identify gaps and utilise the data to inform a new set of contract specifications to support the re-procurement of services aligned with the Council's Community and Housing strategic priorities. The objective of the project is to deliver successful procurement of contracted services that demonstrate effective outcomes for service users, effective performance management framework and value for money services.	309	219	90	A		309	0	G	Steve Langley	Late implementation has reduced the forecast savings in year, but work is underway to mitigate this shortfall. In any event the full savings will be achieved FYE in 2020/21.	Y
CH39	**Extra Care Contracts:-**This reduced savings of £57k is targeted on contract efficiencies and non-statutory support hours; eligible social care needs will not be affected. Providers will seek alternative resources to provide this support. Service will ensure that new specification requires providers to seek other support for residents. Impact will be reviewed as part of each service users annual review.	57	57	0	G		57	0	G	John Morgan	Achieved	Y
CH55	**Promoting Independence:-**The aim of this proposal has been to support people to remain independent and well. To support them to achieve their desired outcomes by enabling them to remain in their own homes, close to their friends, families, support networks and local communities.	553	553	0	G		553	0	G	John Morgan	Achieved	Y
CH70	**Home Care:-**The aim of this proposal is to maximise the benefit of the new home care contract arrangements. The new arrangements were implemented from February 2018. With a year to get established, it is planned to start to transfer cases with legacy providers who are not on the new contract as either prime or back-up providers. Some of these contracts are at higher hourly rates, so the transfer will generate a saving with no reduction in care. New care providers will be required to use a care visit monitoring system, which should increase the reliability of care.	301	301	0	G		301	0	G	John Morgan	Achieved	Y
CH88	**Home Care Monitoring System:-**The aim of this proposal is to roll out a home care monitoring system for all home care providers to ensure that we can monitor the delivery of home care visits.	40	40	0	G		40	0	G	John Morgan	Achieved through Forum	Y
CH89	**Older People Day Care Activities:-**As less people are choosing to attend these formal day centre we currently having increasingly vacancies within these provisions which are not been utilised. The proposal seeks to assess and analyse the demand and supply of activity aimed at supporting older people to access community activity. This will objectively look at the supply of building based and non-building based activity, its utilisation and the limitations on providing what people expect and need within the current model. It is envisaged that this will include a rationalisation and reduction of the current level of building based 'day centre' activity. This is based on current demand statistics and will include consideration of the effect of 2018/19 reductions in contracted day centre services; which is covered in a separate EIA for that specific proposal.	236	118	118	A		236	0	G	Richard Ellis	£118k already achieved through contract reduction. Awaiting provider response on new offer. Achievable FYE 2020/21.	Y
	Subtotal Adult Social Care	1,496	1,288	208			1,496	0				
	Library & Heritage Service											
CH67	**Merton Arts Space income**	38	38	0	G		38	0	G	Anthony Hopkins	On track	Y
	Total C & H Savings for 2019/20	1,534	1,326	208			1,534	0				

APPENDIX 6

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Shortfall	19/20 RAG		2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
	Education											
CSF2018-03	Review Early Years : raise income or cease some services in preparation for 2020 where we'd consider withdrawing from direct provision of a childcare offer.	**49**	**49**	**0**	G		**49**	**0**	G	Jane McSherry		
CSF2018-04	Review schools trade offer, raise charges or consider ceasing services from 2020.	**30**	**30**	**0**	G		**30**	**0**	G	Jane McSherry		
CSF2018-07	Reorganisation of Admissions, My Futures and School Improvement Teams and reduction in contribution to the MSCB (Safeguarding Partnership)	**100**	**100**	**0**	G		**100**	**0**	G	Jane McSherry		
CSF2018-11	Reduction of SENDIS early intervention service and reduction in spend associated with the introduction of the web based EHCP Hub	**72**	**72**	**0**	G		**72**	**0**	G	Jane McSherry		
	Children Social Care & Youth Inclusion											
CSF2018-01	Reduced costs/offer through the national centralised adoption initiative	**30**	**30**	**0**	G		**30**	**0**	G	El Mayhew		
CSF2018-02	Reorganisation of the Children with Disability (CWD), Fostering and Access to Resources (ART) teams and a review of the Common and Shared Assessment (CASA) service.	**130**	**130**	**0**	G		**130**	**0**	G	El Mayhew		
CSF2018-05	Delivery of preventative services through the Social Impact Bond	**45**	**45**	**0**	R		**45**	**0**	R	El Mayhew	We expect to achieve the savings target as numbers of LAC are stable. The overall service will still overspen however because UASC costs have increased over the past few years and the growth received was not sufficient to offset this pressure. Placements are reviewed on an on-going basis and detailed analysis to back up movement caseloads and placement costs reported to DMT.	**Y**
CSF2018-06	South London Family Drug and Alcohol Court commissioning	**45**	**45**	**0**	R		**45**	**0**	R	El Mayhew	We expect to achieve the savings target as numbers of LAC are stable. The overall service will still overspen however because UASC costs have increased over the past few years and the growth received was not sufficient to offset this pressure. Placements are reviewed on an on-going basis and detailed analysis to back up movement caseloads and placement costs reported to DMT.	**Y**
CSF2018-12	Further reduction in staffing at Bond Road. This will include a FGC post and a contact worker.	**71**	**71**	**0**	G		**71**	**0**	G	El Mayhew		
	Total Children, Schools and Families Department Savings for 2019/20	**572**	**572**	**0**			**572**	**0**				

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 18-19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Shortfall	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments
	Infrastructure & transactions									
CS2015-10	FM - Energy invest to save	**465**	**465**	R	**365**	A	**0**	G	Richard Neal	The capital spend to achieve this was slipped and hence the saving was delayed with £100k expected in 19/20 and the balance in 20/21. In 19/20 the unachieved saving will be met from the Corporate Services reserve.
CSREP 2018-19 (13)	Business Improvement - Business Systems maintenance and support reduction	**10**	**10**	R	**10**	R	**10**	R	Clive Cooke	Saving to be reviewed during 19/20 to idenifty if this can be met or if a replacement saving is required.
CSREP 2018-19 (14)	M3 support to Richmond/Wandsworth	**20**	**20**	R	**20**	R	**0**	A	Clive Cooke	This is dependent on agreement with RSSP, may be at risk if they don't migrate to M3 system.
	Corporate Governance									
CSD43	Share FOI and information governance policy with another Council	**10**	**10**	R					Karin Lane	Replacement saving identified. From 19/20 this saving will be replaced by a reduction to the Corporate Governance AD's budget
	Total Corporate Services Department Savings for 2018/19	**505**	**505**		**395**		**10**			

APPENDIX 7

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2018-19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Savings Expected £000	Shortfall	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	SUSTAINABLE COMMUNITIES												
ENV20	D&BC: Increased income from building control services.	35	0	35	R	0	35	R	0	A	James McGinlay	This has not been possible due to staff shortages and difficulty with filling posts	Y
	PUBLIC PROTECTION												
ENV07	Parking: Reduction in supplies & services/third party payment budgets.	60	13	47	R	60	0	A	0	A	Cathryn James	Saving is being reviewed and an alternative saving may be required.	Y
ENV08	Regulatory Services: Funding of EH FTE by public health subsidy. As agreed between DPH and Head of PP .	40	0	40	R						Cathryn James	Alternative saving has been agreed for 2019/20.	Y
ENV09	Regulatory Services: Investigate potential commercial opportunities to generate income	50	0	50	R	50	0	A	0	A	Cathryn James	This saving is conditional on income being generated from chargeable business advice/consultancy. A new income generating Business Development team has been established as part of the Regulatory Services Partnership restructure, which will now look to deliver these savings.	Y
ENR2	Parking & CCTV: Pay & Display Bays (On and off street)	44	0	44	R	44	0	G	0	G	Cathryn James		Y
ENR3	Parking & CCTV: Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon.	17	0	17	R	17	0	G	0	G	Cathryn James	Saving now forms part of the wider discussion on parking charges.	Y
ALT1	Parking: The further development of the emissions based charging policy by way of increased charges applicable to resident/business permits as a means of continuing to tackle the significant and ongoing issue of poor air quality in the borough.	440	390	50	R	440	0	G	0	G	Cathryn James		N
	PUBLIC SPACE												
ENV32	Transport: Review of Business Support requirements	30	0	30	R						John Bosley	Alternative saving has been agreed for 2019/20.	Y
ENR6	Waste: Wider Department restructure in Waste Services	200	0	200	R	100	100	R	0	A	John Bosley	This was not delivered in 2018. Review and restructure still outstanding. Scheduled for quarter 3 2019	Y
ENR7	Transport Services: Shared Fleet services function with LB Sutton	10	0	10	R						John Bosley	Alternative saving has been agreed for 2019/20.	Y
	Total Environment and Regeneration Savings 2018/19	**926**	**403**	**523**		**711**	**135**		**0**				

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DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2018/19												
Ref	**Description of Saving**	**2018/19 Savings Required £000**	**Shortfall £000**	**RAG**		**2019/20 Savings Expected £000**	**2019/20 Expected Shortfall £000**	**19/20 RAG**	**2020/21 Expected Shortfall £000**	**19/20 RAG**	**Responsible Officer**	**Comments**
	Adult Social Care											
CH73	A review of management and staffing levels of the AMH team in line with the reductions carried out in the rest of ASC.	100	23	R		100	0	G	0	G	**Richard Ellis**	Balance deferred to 2019/20
CH36	Single homeless contracts (YMCA, Spear, Grenfell) - Reduce funding for contracts within the Supporting People area which support single homeless people -Reduced support available for single homeless people - both in terms of the numbers we could support and the range of support we could provide. In turn this would reduce their housing options. (CH36)	38	38	R		38	0	G	0	G	**Steve Langley**	£38k deferred to 2019/20
CH71	Transport: moving commissioned taxis to direct payments. Service users can purchase taxi journeys more cheaply than the council.	50	50	R		50	0	A	0	G	**Phil Howell**	
CH72	Reviewing transport arrangements for in-house units, linking transport more directly to the provision and removing from the transport pool.	100	100	R		100	0	A	0	G	**Richard Ellis**	£100k deferred to 2019/20. Part of the Transport review
CH74	The implementation of the MOSAIC social care system has identified the scope to improve the identification of service users who should contribute to the costs of their care and assess them sooner, thus increasing client income. Assessed as a 3% improvement less cost of additional staffing	231	231	R		231	0	G	0	G	**Richard Ellis**	Timeliness of FA improved through additional resource funded by MIB. Earlier FA means more weeks billed. Contribution from Health contribution target was exceeded.
	Total C & H Savings for 2018/19	**519**	**442**			**519**	**0**		**0**			

APPENDIX 7

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES SAVINGS PROGRESS 2018/19

Ref	Description of Saving	2018/19 Savings Required £000	Shortfall £000	RAG		2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	2020/21 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
Total Children, Schools and Families Department Savings for 2018/19		**489**	**0**			**489**	**0**		0				

There were no red savings for CSF

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 17-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Expected Shortfall £000	17/18 RAG	2018/19 Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Children Social Care										
CSF2012-07	Family and Adolescent Services Stream - Transforming Families (TF), Youth Offending Team (YOT) and in Education, Training and Employment (ETE). 2016/17 savings will be achieved by the closure of Insight and deletion of YJ management post.	**100**	**7**	**R**	**0**	**G**	**0**	**G**	Paul Angeli	The ETE saving was delivered from July 2017 and the short for the first quarter covered through reduced grant-funding for targeted intervention services.	**N**
	Total Children, Schools and Families Department Savings for 2017/18		**7**		**0**		**0**				

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 17-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Shortfall	17/18 RAG	2018/19 Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments
	Business improvement									
CSD42	Restructure functions, delete 1 AD and other elements of management	**170**	**70**	R					Sophie Ellis	Replacement saving identified and approved for 18/19 - CSREP 2018-19 (1-16)
CS2015-	Staffing support savings	**13**	**13**	R					Sophie Ellis	Replacement saving identified and approved for 18/19 - CSREP 2018-19 (1-16)
	Infrastructure & transactions									
CS70	Apply a £3 administration charge to customers requesting a hard copy paper invoice for services administered by Transactional Services team	**35**	**35**	R					Pam Lamb	Replacement saving identified and approved for 18/19 - CSREP 2018-19 (1-16)
	Resources									
CSD26	Delete 1 Business Partner	**78**	**78**	R	**0**	G		G	Caroline Holland	Due to delays in projects this saving was not achieved until 18/19
	Total Corporate Services Department Savings for 2017/18		**196**		**0**		**0**			

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APPENDIX 8

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2017/18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Shortfall £000	17/18 RAG		2018/19 Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
	Adult Social Care											
	Total C & H Savings for 2017/18										**No Reds**	

APPENDIX 8

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2017-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Achieved £000	Shortfall	17/18 RAG	2018/19 Savings Expected £000	2018/19 Shortfall £000	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Comments	R /A Included in Forecast Over/Underspend? Y/N
	SUSTAINABLE COMMUNITIES												
ER23b	Restructure of team to provide more focus on property management and resilience within the team.	18	0	18	R	0	18	R	18	0	A	Business Case for restructure in progress, but due to the delay it's unlikely to be fully achieved this financial year. Saving being achieved through rents (reported through monthly budget return).	Y
D&BC1	Fast track of householder planning applications	55	0	55	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC2	Growth in PPA and Pre-app income	50	0	50	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC3	Commercialisation of building control	50	0	50	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC4	Deletion of 1 FTE (manager or deputy) within D&BC	45	0	45	R	45	0	G	45	0	G		N
D&BC5	Eliminate the Planning Duty service (both face to face and dedicated phone line) within D&BC	35	0	35	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC6	Stop sending consultation letters on applications and erect site notices only	10	0	10	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV15	Reduction in street lighting energy and maintenance costs. Would require Capital investment of c£400k, which forms part of the current capital programme - Investment in LED lights in lamp Colum stock most capable of delivering savings	148	100	48	R	148	0	G	148	0	G		N
ENV20	Increased income from building control services.	35	0	35	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
	PUBLIC PROTECTION												
E&R14	Further expansion of the Regulatory shared service.	100	0	100	R	100	0	G	100	0	G		Y
ENV02	Review the current CEO structure, shift patterns and hours of operation with the intention of moving toward a two shift arrangement based on 5 days on/2 days off.	190	0	190	R	0	190	R	0	190	R	Alternative saving required	Y
ENV03	Reduction number of CEO team leader posts from 4 to 3	45	0	45	R	0	45	R	0	45	R	Alternative saving required	Y
ENV06	Reduction in transport related budgets	46	0	46	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV09	Investigate potential commercial opportunities to generate income	50	7	43	R	0	50	R	50	0	A		Y
	PUBLIC SPACE												
E&R16	joint procurement of waste, street cleansing, winter maintenance and fleet maintenance services (Phase C)	1,500	795	705	R	1,257	243	R	1500	0	A	Actual savings delivered are being monitored closely	N
E&R25	Joint procurement of greenspace services as part 2 of the Phase C SLWP procurement contract with LB Sutton	160	44	116	R	160	0	G	160	0	G		N
ENV12	Loss of head of section/amalgamated with head of Greenspaces	70	0	70	R	0	70	R	0	70	R	Saving has been delayed but in the process of being reviewed but ot expected to be achieved until 2020/21.	N
ENV13	Staff savings through the reorganisation of the back office through channel shift from phone and face to face contact.	70	0	70	R	70	0	G	70	0	G		N
ENV18	Increased income from events in parks	100	0	100	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV21	Reduction in the grant to Wandle Valley Parks Trust	6	0	6	R	6	0	G	6	0	G		N
ENV23	Further savings from the phase C procurement of Lot 2.	160	0	160	R	82	78	R	160	0	G		N
ENV25	Department restructure of the waste section	191	0	191	R	191	0	G	191	0	G		Y
	Total Environment and Regeneration Savings	**3,134**	**946**	**2,188**		**2,059**	**694**		**2,448**	**305**			